

Algeria	5.50	Dn.	Israel	5.20	Norway	5.00	Nor.
Austria	17.5	Italy	1000	Lib.	Chen	0.70	Nor.
Belgium	0.85	Den.	1000	Lib.	Chen	0.70	Nor.
Canada	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Cyprus	0.80	Den.	1000	Lib.	Chen	0.70	Nor.
Denmark	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Egypt	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
France	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Germany	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Greece	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Ireland	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Italy	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Japan	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Lebanon	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Lithuania	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Malta	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Mexico	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Netherlands	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Norway	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Poland	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Portugal	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Romania	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Saudi Arabia	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Spain	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Sweden	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Switzerland	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Taiwan	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Turkey	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
U.S.A.	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
U.S.S.R.	1.10	Den.	1000	Lib.	Chen	0.70	Nor.
Yugoslavia	1.10	Den.	1000	Lib.	Chen	0.70	Nor.

British Recapture S. Georgia Port As Argentine Defenders Surrender

U.S. Backing For London Is Predicted

By Leslie H. Gelb
New York Times Service

WASHINGTON — With time apparently running out on Secretary of State Alexander M. Haig Jr.'s efforts to mediate the Falklands crisis, administration officials say failure to make real progress soon would be expected to result in U.S. support for Britain over Argentina.

The officials said this was the consensus position within the White House and the State Department but that President Reagan had made no formal decision on the matter. The officials were interviewed before Sunday's clashes between Argentine and British forces in the South Atlantic.

The sources said the support, if it came, would include U.S. participation in an embargo of Argentine goods, but they said it would not involve U.S. military forces. "Everyone thinks that Haig has done a tremendously skillful job, but almost everyone also believes that further stalemate will begin to cost us in Britain without gaining us anything in Argentina," an administration official said. "The days of his playing the middleman are numbered."

'A Bush of Things'
The officials said that attitudes within the administration toward the ruling Argentine junta had soured noticeably after each of Mr. Haig's two missions to Buenos Aires.

Mr. Haig and some members of his party were said to have stated at meetings that their impression of the junta was that they were "a bunch of thugs" with no "clearly in charge" and with each trying to outdo the other in being tough. Asked if they were conveying this information in order to put pressure on Buenos Aires and London for further compromises, the officials responded that they were simply stating the facts.



The harbor of Grytviken, on the northeast coast of South Georgia, near which the British Defense Ministry said British troops landed. A disused whaling station is in the foreground.

The officials said that the administration did not have a good idea of exactly what Britain and Argentina would do after the cessation of U.S. mediation efforts. But the judgment inside the administration seemed to be that Argentina would decline to engage at sea and that the British armada did not have the strength for a successful landing on the main islands other than South Georgia.

The estimate of the U.S. Navy is that Britain cannot sustain an armada of this size in the high seas and cold weather of the South Atlantic for too long. The officials said that neither London nor Buenos Aires had indicated what they will do.

But the view in the administration appears to be that time in the coming weeks is on the side of Argentina. Over the longer term, with the Argentine economy already in what officials describe as a shambles and with the effects of the European Economic Community setting in, and with the United States likely to join the embargo, Britain's position would improve. In other words, the officials seemed to be saying that over the

London Says Mediation By Haig Is 'Still in Play'

From Agency Dispatches

LONDON — British marines landed on South Georgia Sunday and recaptured the port of the Falklands dependency from Argentine troops, who ran up the white flag of surrender, Defense Secretary John Nott announced Sunday night.

Standing next to Prime Minister Margaret Thatcher outside No. 10 Downing Street, Mr. Nott said that British forces "have successfully taken control of Grytviken," the island's main port on the northeast coast.

He told reporters that British forces were landed by helicopter and met little resistance. There were no British casualties, he said.

Authoritative sources said about 12 British marine commandos from the Special Boat Service were landed from a submarine on Thursday and reconnoitered Argentine positions ahead of the main landing Sunday.

'Still in Play'
Despite the landing, senior British officials said that the peace mission of U.S. Secretary of State Alexander M. Haig Jr. to mediate a diplomatic settlement was still alive.

"The Haig mission is still in play," said an aide of Mrs. Thatcher, who, throughout the crisis, has emphasized her strategy was to back diplomatic efforts with military might.

It was the first time that the British Navy had been engaged in hostile action since an abortive attempt to take control of the Suez Canal in 1956.

The encounter Sunday was the first clash since Argentina seized the Falkland Islands on April 2 and South Georgia, 800 miles (1,280 kilometers) east of the main Falklands group, the following day.

Earlier Sunday, the British made a helicopter assault on an Argentine submarine in the port. The ruling Argentine military junta said in a communiqué Sunday that the 140 Argentine troops

on South Georgia were holding out against "intense shelling" from British naval units and machine gun fire from the air.

Local news reports that could not immediately be confirmed said several Argentines were injured, two seriously, in the attack on the submarine. The submarine usually carries a crew of between 82 and 84 and is one of four in the Argentine Navy.

The British Defense Ministry said the landing began "at first light" near the harbor at Grytviken, on the island's northeast coast. A British task group engaged in operations off South Georgia detected an Argentine submarine close off the coast near the harbor at Grytviken, the statement said. "The submarine, which has been damaged, is believed to be the Santa Fe."

"Helicopters were sent to engage [the submarine] in order to safeguard our ships and the men aboard," the statement said.

Argentine naval sources said on Saturday that two British frigates had been spotted 50 miles off South Georgia, but said that, because of high seas in the area, they would be unable to take the island.

'Right of Self-Defense'
Britain had warned Argentina Friday that any Argentine surface vessels, submarines or planes approaching the British armada would be open to attack. Argentina responded to the warning by saying it would exercise its "right of self-defense."

British officials emphasized that the attack on the submarine and the landing on South Georgia did not mean Britain had declared war on Argentina.

Prime Minister Margaret Thatcher went to Windsor Castle Sunday and met Queen Elizabeth II, who as British head of state must sign declarations of war. But a spokesman for the prime minister later emphasized, "There is no declaration of war."

The monarch's second-eldest son, Prince Andrew, is a helicopter pilot with British forces in the South Atlantic, but it was not known if he saw action Sunday.

Foreign Minister Nicanor Costa Mendez of Argentina was asked in New York after arriving from Buenos Aires Sunday if the attack meant that Argentina and Britain were at war. "I suppose that technically we might be at war," he replied.

He left immediately for Washington where he was to meet with Mr. Haig. Foreign Secretary Francis Pym of Britain returned to London over the weekend after discussions with Mr. Haig that apparently produced no progress in the crisis.

On arrival in Washington, Mr. Costa Mendez was asked if the fact that shots were fired would end the effort for a diplomatic settlement. "There is never an end to diplomacy," he replied.

Delivering Supplies
The Argentine government statement said that the attack on the submarine took place Sunday while it was unloading supplies for 30 scrap merchants dismantling a disused whaling station. It described the British attack as a violation of United Nations Security Council Resolution 502 on the Falklands dispute.

It said a submarine on the surface lacked any means to defend itself. The submarine had been landing supplies, medicine and mail for the scrap merchants, it said.

In mid-March a group of Argentines landed on the island to dismantle an old whaling station, sparking the diplomatic row that led to the seizure of the Falklands. The island was a whaling base in the early 1900s but in recent years had largely been given over to penologists and scientists with the British Antarctic Survey Team.

The headquarters of the survey team in Cambridge said Sunday that 13 scientists and two British women filmmakers were still on the island but were outside Grytviken.

U.S. Emphasizes 'Urgency'
WASHINGTON (AP) — The State Department said Sunday that the British attack "demonstrates the gravity of the situation and the urgency of a diplomatic solution" to the Falklands crisis.

Journalists Charged
BUENOS AIRES (NYT) — The Argentine authorities have in court accused three British journalists of espionage. The charges were lodged on Friday in the city of Ushuaia on Tierra del Fuego.



Israeli troops lowered the flag in Sharm el Sheikh on Sunday.

Israelis Complete Sinai Withdrawal

By David K. Shipler
New York Times Service

JERUSALEM — In a somber mood, Israel withdrew the last of its soldiers from the Sinai peninsula Sunday, leaving the desert wilderness to Egypt as stipulated by the first treaty of peace between Israel and an Arab state.

Defense Minister Ariel Sharon pledged that it would be Israel's final territorial concession for peace, and he promised a new drive to expand Jewish settlement on the occupied West Bank and Gaza Strip. The turnover of the 7,500 square miles (19,500 square kilometers) of territory, representing the last third of the peninsula under Israeli control, was accomplished without fanfare, a reflection of Israel's sadness and despair.

There were no joint Israeli-Egyptian ceremonies. Shortly after dawn, a single Israeli flag, bearing a blue Star of David against a white field, was lowered at Sharm el Sheikh, the southern outpost

that commands the strategic approach to the Strait of Tiran and the Gulf of Aqaba.

The troops wept and sang Israel's national anthem. Then they boarded trucks and buses for the journey north. Two formations of Kfir jet fighters made a final sweep low over the rugged coastline and were gone.

Several hours later, the Egyptians raised their flag at Sharm el Sheikh and at Rafah, on the Mediterranean coast, near the chain link fence that marks the new international border and divides the city. Egyptian runners brought torches lit in Cairo. A band played, colorful carpets were set out and flowers were piled up. President Hosni Mubarak of Egypt telephoned Prime Minister Menachem Begin of Israel, officials reported, and both men pledged their determination to keep their countries in a state of peace.

Mr. Begin and his wife, Aliza, (Continued on Page 2, Col. 7)

Egyptians Emotionally Unfold Flag

By David B. Ottaway
Washington Post Service

RAFAH, Egypt — The red, white and black flag of Egypt was unfurled Sunday over the northern and easternmost stretches of the Sinai for the first time in 15 years, marking the end of Israel's occupation of the peninsula and the beginning of a new era in Israeli-Egyptian relations.

In a simple, emotional 30-minute ceremony in Rafah, the Egyptian governor of North Sinai, Youssef Abu Taleb, hoisted the flag as a small crowd of local and federal dignitaries sang Egypt's national anthem and shouted "Long live Egypt."

Before raising the flag, Mr. Taleb said, "Thanks be to God for the return of this precious part of our land to mother Egypt. I feel that I am not alone today. With me are the spirits of the martyrs of people and they are led by Anwar Sadat, the man who gave his life for this moment. It was his decision of war and then his decision of peace that made it possible."

Mr. Taleb was referring to the assassinated president's decision to launch the last war against Israel in October, 1973, and then his historic trip to Jerusalem in November, 1977, to make peace with Israel.

While the flag was being hoisted in Rafah and in Sharm el Sheikh in the far south of Sinai, President Hosni Mubarak was laying a wreath at Sadat's burial place at the tomb of the unknown soldier in a Cairo suburb near where Sadat was killed last October by Muslim extremists.

Mr. Mubarak had ordered low-key celebrations of the final Israeli withdrawal out of sensitivity for Israel's feelings at the loss of not only conquered land but a number of settlements in the northern Sinai.

Evidence of the agony of that withdrawal could still be seen as the flag-raising ceremony near Rafah took place. In the midst of it, two Israeli jeeps and a truck passed through the crowds carrying an Israeli settler who had apparently escaped from nearby Yamit, the last Israeli settlement to be dismantled by the army after weeks of strong opposition from 2,000 Israelis who opposed the withdrawal.

An hour and a half before the ceremony began, an Israeli helicopter landed alongside the road outside the village of Sheikh Said, a few miles west of Rafah. Those aboard were reportedly looking for 10 to 12 other settlers who were still unaccounted for and apparently hiding in arms and around Yamit.

Under the terms of the Egyptian-Israeli peace treaty signed in Washington three years ago, Israel was to withdraw from the final portion of the Sinai no later than midnight Sunday.

The raising of the Egyptian flag took place at the grounds of the new border post Egypt is building on the main coastal road outside Rafah, about 200 yards from the old 1966 international boundary between Egypt and what is now the Israeli-occupied Gaza Strip.

Most of the crowd, a mixture of Palestinians and Egyptians, came from Rafah and El Arish, the Sinai's main city and capital 27 miles to the west.

One group, chanting "No more Israelis after today," tried to storm the grounds where the ceremony was being held.

On the road between El Arish and Rafah, Sinai residents drove up and down waving Egyptian flags and shouting.

INSIDE

Is Peking Dying?

The birds disappeared 25 years ago, then the grass and shrubs for reasons that could only have made sense in China at the time. Now, spring in Peking is much like winter, bald and birdless. A chain of man-made and natural disasters has turned China's capital into an ecological basket case. Page 5.

Salvador Impasse

The Reagan administration, which hailed the March 28 elections in El Salvador as a victory for reform over revolution, now is confronted by a Salvadoran assembly completely controlled by rightists who are adamantly opposed to those reforms. A News Analysis, Page 3.

Aid to Guatemala

The United States reportedly has decided to end a four-year freeze on arms sales to Guatemala after signs that a coup last month improved human rights conditions. Page 3.

Soviet Economic Growth Is Slow

By Harry Trimborn
Los Angeles Times Service

MOSCOW — The Soviet Union failed to meet industrial growth targets during the first quarter of this year with "serious shortcomings," experienced in production of metal, consumer goods, meat, milk and other products, Pravda has reported.

Citing the findings of the Council of Ministers, the Communist Party newspaper said Saturday that industrial production from January through March grew 2.1 percent compared with the same period last year.

Shortcomings

The first quarter growth, said to be among the lowest in recent years, made it unlikely that the economy would achieve the 4.7 percent growth planned for 1982. It was also lower than the modest production growth predictions of Western experts.

However, the council reported that the standard of living increased with the average monthly salary of office and industrial workers boosted by 2.4 percent to the equivalent of about \$250 a month.

The problems, according to the reports, resulted from what Western experts say are enduring shortcomings in Soviet industry — labor inefficiency, poor quality and inefficient capital investment in new projects.

In an apparent effort to overcome labor shortages, production of industrial robots for use on assembly lines and other manufacturing activities increased dramatically. Robot production totaled 1,125 units in the first quarter this year, an increase of 190 percent over the comparable period last year.

The Council of Ministers, according to Pravda, called upon the heads of individual ministries to "thoroughly analyze" their operations and take steps "for the elimination of the shortcomings that have been allowed."

Appeal to Farmers

It also called for "rigid economy" in the use of fuels and other energy sources and raw materials. The agricultural sector has been hit hard by three successive poor harvests. This has resulted in large imports of feed and grain shipments, mainly to sustain livestock production.

The council called for boosting agricultural production through more efficient use of farm machinery, fertilizer and other means. It appealed for an increase in production on private agricultural plots, which account for 3 percent of total arable land in the Soviet Union and about 24 percent of total farm production.

There has recently been criticism of widespread waste in the use of fertilizer, partly as a result of inadequate storage facilities. Meat production on state enterprises fell slightly to 2.1 million tons during the first quarter from the corresponding figure for 1981. Butter was down from 179,000 tons last year to 171,000 tons.

Production also fell or stagnated in key industrial sectors. Steel production totaled 36.8 million tons during the first quarter, compared to 38.1 million tons last year.

The production of coal, despite the introduction of new equipment and pay incentives, remained the same at 186 million tons. Automobile and truck production fell from 557,000 units in the first quarter last to 542,000 in the quarter this year.

Ronald Reagan is presiding over the decline of the American republic," Sen. Cranston said. "He is not merely presiding over the decline, he is leading it and contributing to it."

In discussing the underground economy, Mr. Reagan said he was sure that those who avoid taxes by dealing in cash are "honest people in most of their activities. They just have a double standard where taxes are concerned. They can be the friendly neighborhood fix-it man, a mechanic, craftsman or a member of the professions."

"As we struggle to trim government spending, he said, 'it's hard not to think of how close that unpaid tax could come to wiping out the deficit.'"

On tuition tax credits, a proposal that Sen. Cranston noted is expected to die without congressional action this year, the president said the public school lobby had protested that the aid would benefit students attending preparatory schools. But Mr. Reagan said that most of the schools are church-related and the students are from families earning less than \$25,000 a year.

Reagan Sees 10% as Maximum Interest Rate

By Charles R. Babcock
Washington Post Service

WASHINGTON — President Reagan has said that interest rates "shouldn't be higher than 10 percent" now because of the drop in the inflation rate, and he used anecdotes about Midwestern bankers to show how lower rates could spur economic recovery.

Mr. Reagan said that interest rates are high despite a lower inflation rate "because the money market, having been hurried in past recessions by artificial quick fixes, is afraid that inflation will take off again." The Labor Department announced Friday that U.S. consumer prices fell 0.3 percent in March, an annual rate of about 3.3 percent, the first decline since 1965.

Speaking from the White House Saturday in a five-minute radio broadcast, Mr. Reagan also said that the pending budget deficit could be almost wiped out if tax cheaters operating in the underground economy paid the \$95 billion that they owe. And he defended his proposal to give tuition tax credits to parents of students attending private schools.

The president cited cases in Ohio and Indiana where lowered interest rates spurred new car sales as proof that "not everyone out there in the marketplace is afraid." Auto dealers in the Youngstown-Warren area of Ohio sold 2,200

U.S. banks it will not take the bait at the Versailles summit for high interest rates. Page 7.

cars and trucks in the first 20 days of March after local bankers lowered interest rates to 12.9 percent, he said. In the first three weeks of February they had sold only 344, he said.

Hursel C. Disney, chairman of the First National Bank and Trust of Plainfield, Ind., a small town near Indianapolis, lowered interest rates to make \$2 million available for car and truck loans, with similar results, Mr. Reagan added. Mr. Disney could not be reached for comment.

Mr. Reagan also noted that General Motors, which he did not identify by name, has lowered interest rates at its lending operation to 12.8 percent until May 31.

"You know, there really is something magic about the marketplace when it's free to operate," Mr. Reagan said. "As the song says, 'This could be the start of something big.'"

The president has resisted pleas by congressional leaders and some of his staff to back away from his package of huge tax cuts and military spending in the face of spiraling federal deficits. He reminded his listeners Saturday that on July 1, "you'll start paying 10 percent less income tax on what you earn."

Cranston Reply

Sen. Alan Cranston of California, who gave the Democratic Party's formal response to the Reagan talk, said that it is the Federal Reserve Board's policy of tight money, "a policy which the president supports, that is primarily responsible for those high interest rates."

Sen. Cranston, who is considering a 1984 presidential bid, said that the oil glut, bumper farm crops and tight money — not Mr. Reagan's economic plans — have lowered the inflation rate. "The harsh reality is that President



Arabs on the Egyptian side of the border waved the Egyptian flag Sunday in the divided town of Rafah after the Sinai was returned to Egypt. Half of Rafah will remain under Israeli control.

Qadhafi Is Going to Athens Friday As Greece Strengthens Arab Ties

By Paul Anastasi
New York Times Service

ATHENS — Col. Moamer Qadhafi, the Libyan leader, is making an official visit to Greece Friday in an attempt to establish a bridge with Western Europe and to blunt U.S. efforts to isolate him internationally, government officials say.

Col. Qadhafi visited Austria recently, but this will be his first official visit to a country that is a member of North Atlantic Treaty Organization and the European Economic Community.

For the governing Socialists, the reserved acceptance of Col. Qadhafi's overtures is said by officials to represent an attempt to win economic advantages and

prove their claim of following a policy independent of the West.

An official of Premier Andreas Papandreu's government emphasized that the Libyan leader had asked to be invited to Greece.

The official, who asked that his name not be used, said Athens had planned to delay the visit as long as possible but that acceptance became much easier after Col. Qadhafi's official visit to Austria last month.

Western diplomatic sources said NATO and the Common Market did not favor the visit "because it helps give Qadhafi respectability."

A government official said the Qadhafi visit should be seen as part of Greece's effort to expand its already close relations with the Arab world, a policy initiated by

the former conservative governments.

"But whereas the last government wanted only economic relations with the Arab countries, we want closer political ties," the government official said. "We see ourselves as the bridge between the Arabs and Europe."

Despite the Qadhafi visit and a lavish welcome recently given Yasser Arafat, the leader of the Palestine Liberation Organization, and the granting of full diplomatic status to the PLO, the government asserts it is being careful not to unnecessarily upset its NATO and Common Market partners.

"Greece's policies are not really that different from other Western countries," the official said, recalling the Common Market's support for the establishment of a Palestinian state. "Greece is just playing an avant garde role with the Arabs, which should not be misinterpreted. We have made it clear from the start that the security and existence of Israel has never been put into question by Greece."

Problems Persist

The drive to establish closer economic relations between Greece and Libya began with a economic cooperation agreement in 1976. But practical difficulties have persisted, and Athens will no doubt seek to resolve them during Col. Qadhafi's visit.

Among the difficulties were the failure of attempts to set up a direct shipping line between the ports of Piraeus and Benghazi and a joint fishing and trading company.

Furthermore, Greek fishing trawlers are constantly challenged by the Libyans, and Greek sailors have been imprisoned for many months after venturing into 200-mile territorial waters claimed by Libya.

Of greater concern is that Tripoli has not paid the hundreds of millions of dollars owed to Greek engineering companies that have fulfilled contracts in Libya. The Libyans have offered to pay in oil, an offer Greece rejects because Tripoli is calculating its crude oil at much higher prices than those of the international market.

Diplomatic sources say Libya is seeking a package deal under which Athens would provide agricultural products, pipelines, construction materials and light arms in return for Libyan oil and more engineering contracts. Greece appears unwilling to accept such a deal, since oil supplies are now plentiful.

Despite the difficulties, diplomatic sources say Greece still attaches considerable importance to its economic ties with the volatile Arab nation. Trade between the two countries last year approached \$300 million, and Libya is the second largest Arab importer of Greek goods after Saudi Arabia.



President Hosni Mubarak, second from right, took part Sunday in a Cairo ceremony marking the return of the Sinai. To his left is the defense minister, Field Marshal Abdel-Halim Abu Ghazala; to his immediate right is Premier Fuad Mohieddin, then Speaker of Parliament Sofi Abu Taleh.

Reactions Reflect Arab Divisions Over Welcoming Egypt Into Fold

By Edward Cody
Washington Post Service

BEIRUT — The Arab world, reflected in its government-controlled newspapers and radios, split into opposing camps Sunday in its first reactions to Israel's final withdrawal from the Sinai.

The comments provided a forecast of a widely predicted debate in coming months over the question of whether Egypt should be welcomed back into the Arab fold, now that it has recovered all its territory in return for signing a peace treaty with the Jewish state that has been the Arabs' main enemy for 34 years.

They divided roughly between the radical Arab states and groups — such as Syria, Southern Yemen, Algeria, Libya and the Palestine Liberation Organization — and the rest of the Arab world, which is more closely aligned with Saudi Arabia and conservative states along the Gulf.

A cartoon in Beirut's leftist newspaper al-Safir captured the radicals' mixture of indignation and resignation. A buck-toothed Prime Minister Menachem Begin was shown driving a tank, as President Hosni Mubarak of Egypt and his foreign minister, Kamal Hassan Ali, stood by, hunched over in the Sinai.

"Just forget what you've seen us do here," the Begin caricature shouts down from the turret. "You are going to have plenty to see in Lebanon, Palestine and the Golan."

The humor betrayed widespread concern in Beirut that the Israeli

leadership may be planning to move from the first phase of Camp David toward intensified attacks on Palestinian guerrillas in Lebanon, increasingly harsher rule in the West Bank and Gaza, and further settling of the occupied territories to prevent their return to Arab rule.

Concerning Egypt, PLO officials say they are aiming at organizing a summit to pressure all Arab states into adopting a common stand against readmitting Cairo into the Arab fold as long as it remains true to its Camp David commitments.

This would exclude it from any Arab military equation. Although conservative Arabs may move back toward Egypt one by one, the PLO officials add, in the atmosphere of an Arab summit such decisions would become more difficult.

Syria, the radicals' major power, has denounced the Camp David agreement that provided for the Israeli turnover of the Sinai in editorial and broadcast over the past several days. Al-Ba'ath newspaper of the ruling Ba'ath Party, renewed the criticism Sunday, vowing to pursue opposition to Egypt and its separate peacemaking.

"Although there are some Arab

countries that already are preparing to welcome Egypt back after today's withdrawal, the Egypt of Mubarak is weighed down by the shackles of Camp David and bound by the United States' occupation forces," the newspaper said.

But the Arabs who succeeded in frustrating the principal targets of Camp David — that is, Syria, the Palestinian revolution and the masses in the occupied territories — these Arabs remain ready to oppose the attempt to generalize Camp David in the upcoming era.

On the side of the moderates, signs of willingness to accept Egypt anew have emerged with particular clarity from Saudi Arabia in recent days. News agencies reported, for example, that Egyptian newspapers went on sale in Saudi cities Saturday for the first time since the Egyptian-Israeli peace treaty was signed in March, 1979. The papers sold out swiftly.

"The return of Egypt to the Arabs should not be the subject of any haggling," said the officialy guided Saudi newspaper al-Riyadh. "Egypt constitutes the heart of the Arab world, and therefore should be recognized as an indispensable necessity under all circumstances."

"Although there are some Arab

WORLD NEWS BRIEFS

Mitterrand Defiant on Latin America

The Associated Press

COPENHAGEN — President François Mitterrand of France has said that "it is just too bad" if the Reagan administration does not like his policies in Central America, a Danish newspaper reported Sunday.

"I prefer to be straightforward and say no to the Russians if I feel like it — and to the Americans, too, of course, if it is necessary," Mitterrand told Danish reporters for the Berlingske Tidende newspaper in Paris. He is to arrive in Copenhagen Wednesday for a three-day state visit.

The Reagan administration objects to France's friendly ties with Nicaragua, which it has accused of funneling Cuban arms to leftist guerrillas in El Salvador. France opposes U.S. military aid to the Salvadoran government, and has called for a negotiated settlement with the country's leftists. In his interview with Berlingske Tidende, Mr. Mitterrand repeated his contention that the U.S. stance is pushing the leftists toward the Soviet Union and Cuba.

Schmidt, Genscher Discuss Cabinet

The Associated Press

BONN — Chancellor Helmut Schmidt met Sunday with Foreign Minister Hans-Dietrich Genscher to discuss planned Cabinet changes in the coalition government, officials said.

Mr. Genscher, head of the Free Democrats, junior partners in the Bonn coalition, has already made clear that there would be no Cabinet changes for his party, which holds four key ministries — Foreign, Interior, Economics and Agriculture — in the 16-member Cabinet. Mr. Schmidt plans three Cabinet changes for his Social Democratic Party, party sources said.

Informed sources, who did not want to be identified, said Postal Minister Kurt Gscheidele would retire and be replaced by Finance Minister Hans Matthöfer. Mr. Matthöfer said last week that he had asked Mr. Schmidt to be relieved of his financial post because of ill health. Health and Family Minister Anja Huber resigned just before Easter after Mr. Schmidt failed to express confidence in her following widespread speculation that she would be removed in a Cabinet reshuffle.

China Criticizes France-Vietnam Ties

Reuters

PEKING — China on Sunday criticized economic assistance sent to Vietnam by France, saying the French government's sympathy for the Third World did not justify helping a country militarily allied to the Soviet Union.

The criticism appeared in a commentary by the Chinese news agency two weeks after France agreed to reschedule Vietnamese debts, unofficially estimated at \$300 million. Other aid agreements also were arranged.

The commentary said the Socialist government paid more attention than other Western countries to the appeals of Third World countries, and then it added: "But Vietnam is not an ordinary Third World country. It is militarily allied with the Soviet Union. It is committing flagrant aggression against Kampuchea [Cambodia] and thereby arousing strong condemnation from Third World countries and the majority of other states."

Police Enforce Lebanon Cease-Fire

The Associated Press

BEIRUT — Lebanese police enforced a cease-fire between rival leftist militias in Tripoli after two days of street battles that left 15 killed and 20 injured, a police spokesman said.

The clashes, between the Syrian-aligned Communist Party and the pro-Israeli Ba'ath Party, followed the assassination Thursday of the Ba'athist military commander in Tripoli. Among the victims was a family of 11, who died in a fire touched off in their home by a rocket.

In Beirut, a bomb caused heavy damage Saturday to the office of the French news agency Agence France-Presse, an agency reporter said. There were no injuries.

Manila Says Rebels Kill Village Aides

United Press International

MANILA — Communist guerrillas have killed 147 village officials during the last two weeks, hoping to disrupt local elections May 17, press reports said Sunday.

In a move to prevent further violence, Lt. Gen. Fidel V. Ramos, chief of the paramilitary Philippine constabulary, said he had ordered constables and militiamen to clamp down on the activities of the Communist New People's Army in rebel areas.

Gen. Ramos told a local newspaper that the 147 officials of village citizen assemblies, called "barangays," had been killed for refusing to cooperate with the Communists. The nation's 42,000 barangays, which administer villages and districts in the countryside, provided the main vehicle for President Ferdinand Marcos's eight-year emergency rule by approving constitutional changes.

Israel Finishes Withdrawal From Sinai Without Trouble

(Continued from Page 1)

also sent a telegram to Jihan Sadat, the widow of the late President Anwar Sadat, whose bold visit to Jerusalem in November, 1977, began the Israeli-Egyptian peace process. Sadat was assassinated last October.

"Our hearts, madame, go out this day to you and the children and grandchildren," the Begin wrote. "Anwar Sadat, of blessed memory, should have been with us to see the glory of his efforts to make peace and achieve reconciliation between the good peoples of Egypt and Israel. To prove that his memory did not die, but will live forever in the hearts of women and men of good will, we all have to work for the sacred cause. No more war, no more bloodshed, peace, shalom, shalom, between our nations. We embrace you, our dear friend."

The withdrawal, which ended nearly 15 years of Israeli control over the peninsula, touched deep Israeli doubts about Egypt's commitment to peace. The pain was compounded during the last week by the angry resistance of about 1,200 militant Jews, who barricaded themselves into apartments and onto roofs in the northern Sinai town of Yamit, threatening suicide and violence against Israeli troops who tried to evict them.

In the end, the troops handled the demonstration gently, and there was no bloodshed, for which Mr. Begin praised Mr. Sharon on Sunday. But as the army then ordered Yamit destroyed by bulldozers, the country felt the wound of seeing the first voluntary abandonment of a Jewish settlement in the history of Zionism. In their anguish, many Israelis have vowed that such withdrawal of settlements will never happen again, which means they would eliminate the possibility of a future pullout from the West Bank.

"In Sinai, in Yamit," said Mr. Sharon in an order of the day to Israeli forces, "we have reached the limits of our concessions. We shall turn to strengthening our security, to our development in every sphere. We shall turn to increasing and consolidating our settlements on the Golan Heights, in Judea, Samaria and the Gaza district — settlements that are an integral part of our security, settlements that are a true basis for political plans — all in the framework of the government's avowed policy." The government uses the biblical terms Judea and Samaria for the West Bank.

Mr. Sharon spoke of the sacrifice that Israel had made. "We are not retreating from Sinai," he said. "We are demonstrating our desire to move forward toward peace."

He continued: "Never before has a people been prepared to face the trials of, and exhaust every last possibility for, peace as our people has. The ruins of Yamit will also serve as testimony that we have done the unimaginable to honor the peace agreement."

"No Arab army has ever succeeded — or will ever succeed — in destroying an Israeli city. Only we ourselves have been forced to destroy Yamit with our own hands. We have been forced to wipe it off the face of the Earth in order to implement the peace treaty on time and without shedding Jewish blood."

A single building stood Sunday morning amid the rubble of Yamit — a modern synagogue, in which about 50 protesters had been permitted to remain. They were joined by about 150 more at 6 a.m., and the group, with flags and prayer shawls, walked from a toppled war memorial to the synagogue.

Shift by U.S. Is Predicted

(Continued from Page 1)

the power to end the crisis simply by ordering Britain to back off. There is also a growing feeling in the State Department that the junta might not last long in power whatever the results of the Falklands crisis. Given the extent of Argentina's economic problems, officials say, no government could last long.

The Haig party was said to have run into tough talk in London by Prime Minister Margaret Thatcher and Defense Minister John Nott. Mr. Nott was quoted as having said at a meeting with Mr. Haig that the Thatcher government was always mindful in this crisis of Prime Minister Neville Chamberlain, who appeased Hitler in 1938 at Munich.

Mr. Haig was said to have responded to several of Mrs. Thatcher's and Nott's sallies by saying that he was trying to help with their national interests and domestic political problems, but that if they felt he was getting nowhere, he would leave. As the story is told, they restrained themselves thereafter.

Administration officials said that Britain and Argentina appeared to want Mr. Haig to continue his mission but that neither was prepared to offer fundamental negotiating demands.

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Portugal Quietly Marks Coup of 8 Years Ago

New York Times Service

LISBON — Portugal on Sunday marked the eighth anniversary of the military coup that led to sweeping liberal changes. But, with the exception of a march and rally sponsored by the Communists, the anniversary was marked by little fanfare.

Some observers had hoped that the anniversary would be celebrated by dismantling the Council of the Revolution, the military watchdog group that has power over the civilian government.

Under a revised constitution, the council is to be eliminated. But unresolved differences over the powers of the president, distributions of some of the council's functions and other matters have delayed the process. The military's agreement to abolish the council and relinquish some authority is not in question, however.

The revised constitution is expected to be approved by a two-thirds majority of the National Assembly this year, ushering in increased civilian control.

Polls show that President Antonio Ramalho Eanes, a general

from a humble background, is more popular than any of the civilian politicians.

In 1980, he was elected to a second five-year term in a landslide victory, although the Democratic Alliance, the governing right-of-center Social Democratic coalition, ran candidates against him, after having supported him the first time.

Gen. Eanes wants to retain his present power and threatened to step down in January if he was stripped of much authority. He hinted that he might start his own political party and run for office. The threat was enough to cause the Democratic Alliance and the Socialist opposition to seek a compromise.

The military and civilian politicians can look back over the last eight years at some solid achievements. During the first turbulent 24 months, the revolution was almost captured by the Communists. But the party has been removed from the Cabinet and reduced to a permanent minority that draws no more than 15 percent to 20 percent of the vote in national elections.

El Salvador: Fresh Problems for Washington

Opposition of Rightist Victors to Reforms Throws U.S. Role Into Question

By Barbara Crossen

New York Times Service

WASHINGTON — The Reagan administration, which hailed the March 28 elections in El Salvador as a victory for reform over revolution, now faces a Salvadoran assembly completely controlled by rightists adamantly opposed to those reforms.

The efforts that the administration made to the last few weeks to head off such a result raise questions not only about the efficacy and propriety of U.S. involvement in the Salvadoran political process, but also about whether the administration has been acting in the best interests of the Salvadoran citizens whom it publicly supports.

At stake may be the future of the Christian Democratic Party, the role of restive junior army officers and the hopes for a negotiated settlement to bring the armed left opposition into the Salvadoran political mainstream.

NEWS ANALYSIS

The Reagan administration, having promoted an election in which only parties to the right competed with the Christian Democrats, subsequently found itself in need of a short-term solution to make the emerging rightist leadership palatable to a questioning Congress. With that tactical goal in mind, it has supported the formation of an interim government in which the centrist Christian Democrats would coexist with the coalition of rightist parties in control of the newly elected Constituent Assembly.

Exiled Salvadoran leftists and some opponents of administration policy contend that, in taking that position, the Reagan administration may have created a situation in which there will be no center and no moderate opposition left in El Salvador.

"The United States has been giving the Christian Democrats suicidal advice," said Robert E. White, the former U.S. ambassador to El Salvador who was dismissed by the Reagan administration in February 1981, speaking recently at a foreign policy symposium in New York.

"The Christian Democrats have already felt humiliation," Ruben Zamora, a leader of the political front of the guerrilla opposition, said last week on a visit to Washington from his base in Mexico.

Mr. Zamora, the former ally of José Napoleón Duarte, the Christian Democrat who has been president of the junta, said that deliberately insulting posts had been offered to Mr. Duarte's party in negotiations with the rightists who, together, command a majority in the Salvadoran assembly and will have the power to curb the interim government.

'Too Much to Swallow'

"There is already a split in the Christian Democratic Party," said Mr. Zamora, who is political and diplomatic coordinator of the Democratic Revolutionary Front. He added that for some, any working alliance involving the National Conciliation Party, the traditional government party that he said had been responsible for the murders of Christian Democratic officials in the past, was "too much to swallow."

The National Conciliation Party is part of the rightist coalition that won control of the assembly Thursday.

Whether a centrist interim president and a balanced cabinet are now named in El Salvador, politicians both there and in Washington fear that the rightist-controlled assembly will be in a position to keep that government powerless, since the assembly is, in effect, making the rules.

Congressional opponents of administration policies, accepting that analysis, say they will now press harder to cut off U.S. aid to El Salvador unless its interim government agrees to a cease-fire in the guerrilla war and negotiations with the left.

With Christian Democratic centrists forced out of the right-run coalition, younger officers in the Salvadoran Army may be tempted to take military action against the

government to the spirit of the 1979 coup that toppled the last dictatorial Conciliation Party-military government and opened the way to change.

There are reports among exiles of a letter now circulating within the army calling for a return to 1979 ideals. The letter, which is reported to name officers thought to be acting contrary to those ideals, pointedly does not criticize Col. Adolfo Arnaldo Majano, one of the 1979 coup leaders who subsequently broke with the junta and is now in exile in Mexico.

Col. Majano has been traveling around Latin and North America in recent months, seeking support for his belief that the institution of the army is the best guarantor of Salvadoran reform.

The Reagan administration, meanwhile, led by its ambassador in San Salvador, Deane R. Hinton, has been trying to portray rightist leaders, among them Roberto D'Aubuisson, the former military officer who heads the National Republican Alliance and now the Constituent Assembly, as amenable to democratic government and understanding of Washington's wishes.

Rep. Michael D. Barnes, the Maryland Democrat who is the chairman of the House subcommittee on Inter-American Affairs, said after a recent visit to El Salvador that Mr. D'Aubuisson was talking "as if he had just completed a course at the League of Women Voters."

Hinton Comments

SAN SALVADOR (NYT) — Ambassador Hinton, said Friday that the selection of a rightist coalition to lead the new Constituent Assembly would not affect the Reagan administration's policy toward the country.

Mr. Hinton said that the administration's support of the government "will continue in any case." He said he "would certainly hope" that Congress would not suspend military and economic aid to El Salvador as a result of the vote.

"I think that's an example of democracy at work," Mr. Hinton said at a news conference. "The elected representatives of the Salvadoran people, to their Constituent Assembly, expressed their preference."

Mr. Hinton bridled at suggestions published this week in the Salvadoran press, that the United States was trying to impose the Christian Democrats on the government. He described such suggestions as "an insult to the Salvadorans."

"This is a sovereign country, it is a free country," he said. "The leaders of this country make their decisions in their way."

U.S. to End Arms Freeze On Guatemala

Administration Cites Rights Improvements

By Alan Riding

New York Times Service

WASHINGTON — The United States has decided to end a four-year freeze on arms sales to Guatemala, after signs that a coup last month improved human rights conditions, according to administration officials.

The officials said that as a gesture to the month-old regime of Gen. Efraín Ríos Montt, the United States planned to approve the sale of \$4 million in spare parts for U.S.-made helicopters being used by the Guatemalan Army against leftist rebels.

The United States is also hoping to restore \$50,000 in military training funds for the current fiscal year, and to resume support for loans to Guatemala in the Inter-American Development Bank and other international financial institutions. It has already requested \$250,000 in training funds for the 1983 fiscal year.

In March, 1977, after the Carter administration criticized Guatemala's human rights performance, the Guatemalan government renounced U.S. military assistance.

Congressional sources said the new Guatemalan regime had not requested a resumption of arms deliveries, and seemed more interested in construction equipment such as bulldozers to be used by engineering battalions.

There is opposition to the move in Congress among liberal members who feel that the administration is moving too quickly to embrace the new regime.

But it is unclear whether Congress is in position to slow any rapprochement with Guatemala. Rep. Michael D. Barnes, chairman of the House Foreign Relations subcommittee on Inter-American Affairs, said there was an informal agreement with the administration that Congress could exercise "what amounts to a veto" over any change in policy toward Guatemala.

An administration official said there was an understanding to consult with Congress.

Rep. Barnes, Democrat of Maryland, said he has not decided whether to support the resumption of assistance.

Congressional sources said the United States seemed determined to reward the new Guatemalan junta for moving against both corruption and indiscriminate violence since seizing power on March 23.

The sources said that over the past 15 months, the administration had on several occasions indicated its desire to aid the Guatemalan Army, but was unable to act because of opposition both from Congress and public opinion.

However, Thomas O. Enders, assistant secretary of state for inter-American affairs, told a House subcommittee last week that the United States "carefully refrained from backing a regime with a record of serious human rights violations. Otherwise we might never have had a government that proposed to do something about it."

Violence has existed intermittently in Guatemala for three decades, but the situation deteriorated after Gen. Romeo Lucas García took office in July, 1978. Moderate politicians were murdered or forced into exile by rightist gangs, while thousands of Indian peasants were killed by the army in a strategy aimed at destroying the rebels' political base.

Since the coup that deposed Gen. Angel Anibal Guevara, Gen. Lucas García's victorious candidate less than three weeks after elections on March 4, a three-man junta headed by Gen. Ríos Montt has announced moves to dismantle the rightist gangs and to try officials believed responsible for corruption.

5 Killed in Jakarta At Campaign Rally

JAKARTA — Indonesian troops shot and killed at least five persons in Jakarta and wounded at least six more in renewed violence Sunday before general elections next month, hospital officials said.

Informal sources said that the shooting occurred when a small group from the opposition Muslim United Development Party stoned pro-government demonstrators at a rally of President Suharto's ruling Golkar Party. But there was no immediate official explanation of the incident and the circumstances of the shooting were unclear.

The Golkar Party's first rally in March ended in widespread arson and rioting in Jakarta.

Key Senator Seeks Consultations Before Inman Successor Is Named

By George Lardner Jr. and Bob Woodward

Washington Post Service

WASHINGTON — A key member of the Senate Intelligence Committee has put the White House on notice that the committee does not have enough confidence in CIA Director William J. Casey's expertise and wants every effort made to give him a qualified deputy.

Sen. Richard G. Lugar said Friday that he and his fellow committee members were stunned by last week's abrupt announcement of the resignation of the CIA deputy director, Adm. Bobby Ray Inman. Sen. Lugar called it a "rather traumatic situation" for those in Congress whose job it is to oversee the intelligence community and make sure it stays within proper bounds.

The Indiana Republican made his remarks at a news conference that he described as intended to "send some signals" to the White House. He emphasized that the committee wanted to be consulted before a successor to Adm. Inman is named.

"If this be meddling, so be it," Sen. Lugar declared.

Again and again, Sen. Lugar emphasized that it was Adm. Inman,

not Mr. Casey, upon whom the committee has relied for expert advice on U.S. intelligence activities.

Sen. Lugar, a former Navy intelligence briefing officer who has served at the Pentagon with Adm. Inman, added that there are "complexities involved that would take more years than Bill Casey" has left to understand. Mr. Casey is 69.

"So," asked a reporter, "you're saying that Mr. Casey doesn't know enough for you to call him on the telephone" and ask for his expert opinion?

"That's right," Sen. Lugar replied.

Goldwater Upset

The Senate Intelligence Committee chairman, Barry M. Goldwater, Republican of Arizona, also was upset on learning of Adm. Inman's decision to resign.

At his news conference, Sen. Lugar noted that Sen. Goldwater and others had hoped to see Adm. Inman appointed CIA director. Adm. Inman was named instead to the second spot, which he reluctantly agreed to take after serving as director of the National Security Agency.

In any event, Sen. Lugar emphasized that it was Adm. Inman,

sized: "Many of us voted for Casey and Inman as a package" — meaning that they supported Mr. Casey because President Reagan wanted him and supported Adm. Inman, an intelligence professional of 30 years, "because he knows more than anyone else what's going on."

Several times, Sen. Lugar suggested that the "system of checks and balances" that has built up around the intelligence community, since the congressional investigations of 1975 and 1976 was at stake.

He said that he had no quarrel with the CIA director's being a "political appointee" whom the president could trust, but suggested that it was vital, in turn, for the deputy director to be an intelligence expert whom Congress could trust.

Adm. Inman, 51, submitted his resignation to the White House on March 22 because, he has since said, he wants to start "a second career" in private industry and "get back to running something himself." He said Friday that bureaucratic exasperations may have been one of several factors in the timing of his resignation, but added that they had been exaggerated.

Canadian Doctors Seek More Medicare Money

By Henry Giniger

New York Times Service

OTTAWA — Medicare, Canada's publicly financed comprehensive health system, is being battered by thousands of angry doctors agitating for higher incomes.

In Ontario, Canada's largest province, 15,000 doctors have been staying away from their offices or refusing to perform some services, such as prescribing drugs by telephone. Some 5,500 general practitioners in Quebec, the second largest province, are threatening to close their offices for a one-day strike.

'One of the Best'

At issue to both cases is the official schedule for fees that doctors are supposed to charge for medical services; talks between the provincial governments and the medical associations on new schedules have produced no agreement.

There is a similar clash in Manitoba, and over the last four years doctors have shown discontent at times almost every province.

Officials speak of the Canadian health system as "one of the best in the world," but the Canadian Medical Association says the system is underfunded. Doug Geckie, spokesman for the association, said Canada was devoting 7.2 percent of its gross national product to health care. He said that among Western nations only Britain spent

less than this and that the United States devoted about 10 percent of its GNP to health care.

With inflation running high and the federal government anxious to keep its deficit down, the 10 provinces, which are responsible for their own health systems, are undergoing a particularly tight financial squeeze this year. Ottawa has cut the rate of growth of its contributions to the provinces for health care by about 15 percent.

Well before the cuts doctors' incomes were losing ground to those of other professional groups, the Medical Association says. It cited tax figures indicating that, between 1971 and 1977, lawyers, dentists and accountants increased their incomes at a much faster rate than doctors. In Ontario, according to an association spokesman, the average net income for a doctor is about \$53,000 a year.

The doctors want their yearly incomes increased to well over \$100,000 in some cases, and Mr. Geckie acknowledged that it was difficult to get support for this from ordinary Canadians making much less.

Minimum Income

Ontario doctors were particularly upset last week when the provincial government tried to impose new fee schedules when negotiations with their representatives broke down. Although there have been further talks since then, many doctors saw the government's move as the start of a process that could lead to state medicine and the transformation of doctors into salaried civil servants.

Most doctors in Ontario and the rest of Canada accept the present system of publicly financed care because it helps to assure them of a minimum income. But in some provinces doctors are billing for amounts beyond those prescribed in the schedules.

Mr. Geckie said that to compensate for low fees, doctors tended to extend their office hours and crowd large number of patients into a day.

D'Aubuisson: The Man Saying the Right Things

By Dial Torgerson

Los Angeles Times Service

SAN SALVADOR — A friend says that Roberto D'Aubuisson organized the political party known here as ARENA "out of the back of a pickup truck" last December. With audacity and skilled help, Mr. D'Aubuisson, in a matter of months, has taken his rightist party from that modest beginning to control of the new constituent assembly.

Mr. D'Aubuisson was elected speaker of the assembly in a tumultuous session Thursday night.

ARENA, an acronym for the Spanish for Nationalist Republican Alliance, came in second to the centrist Christian Democrats in the March 28 elections for the new constituent assembly. However, the rightist parties, taken together, outnumber the Christian Democrats in the assembly and used that power to take all the top jobs in the assembly.

Such political power represents a change for Mr. D'Aubuisson, a 38-year-old former army and national guard career officer. In 1980, he was under arrest for plotting a coup against the civilian-military junta led by President José Napoleón Duarte.

Released for lack of evidence — by a legal system rendered impotent by assassinations and death threats against judges and prosecutors — Mr. D'Aubuisson began working within the system.

To many Salvadorans, he was the right man saying the right things at the right time. His clever campaign, assisted by a U.S. advertising agency, employed songs, jingles, slogans, cheerleaders, free soft drinks, bands and the skillful use of television.

Mr. D'Aubuisson is short, slim

and youthful, a man whose cheerful smile and open demeanor belie his menacing reputation. "He looks," said an American visitor, "like he could play the guy next door on a U.S. TV series." Personally fearless, he went into openly hostile areas in a drive for grassroots support. He continued campaigning even after being wounded by a sniper.

Robert E. White, a former U.S. Ambassador in El Salvador, has called Mr. D'Aubuisson a "pathological killer" and said evidence indicated that he was probably responsible for the assassination in 1980 of Archbishop Oscar Arnulfo Romero, an outspoken critic of government repression.

Mr. D'Aubuisson has admitted organizing a vigilante group that subsequently turned into a rightist "death squad." Before advisers cautioned him about his rhetoric, he spoke during the assembly campaign of the need for killing subversives by the tens of thousands to end El Salvador's two-year-old civil war.

ARENA will end the guerrilla war "by whatever means necessary," he told crowds, touting down earlier calls for wholesale killings. But he still spoke in the tradition of *el caudillo*, or the leader, Latin America's man on horseback: "Our liberty will be earned with the red of bloodshed."

Many members of the lower classes voted for ARENA because of Mr. D'Aubuisson's charisma. He appealed to the middle class and well-to-do with promises to halt the reforms of the Christian Democrats, whom he called "the right wing of the Communist Party."

U.S. Anti-Nuclear Drive: A Bang and a Fizzle

By Robert G. Kaiser

Washington Post Service

WASHINGTON — Ground Zero Week, which ended Sunday, caused a loud detonation in some communities and fizzled in others, while extraordinary national media attention brought the issue of nuclear war into tens of millions of American living rooms.

The success of the attempt to educate Americans on the risks of nuclear weapons was not easy to measure, as its organizers acknowledged. "We never offered this

course before," said Roger C. Molander, the former National Security Council official who created Ground Zero after the Soviet intervention in Afghanistan to December, 1979. "We had no idea what to expect."

There were Ground Zero activities in more than 600 communities around the country, from New York City and San Francisco to Marinette, Wis., the small town where Mr. Molander grew up. Events also were held on more than 350 college campuses.

In some communities where national Ground Zero organizers had expected impressive events they found the results disappointing. One of those was Albuquerque, N.M., where a full schedule of rallies, lectures and slide shows was poorly attended. One event on the University of New Mexico campus attracted only two participants.

Similarly, in New Orleans and Baton Rouge, La., and Houston and Austin, Texas, Ground Zero events drew small audiences.

Rigger Turnouts

In other communities, Ground Zero activities drew more attention. A rally in Detroit attracted 2,000 people; in Los Angeles County, 400 mayors and county officials gathered to consider the impact of a nuclear attack in their area.

Nowhere did Ground Zero provoke huge rallies or protests, but that was not its purpose, according to organizers. "We're not talking about big demonstrations in the street, that's not what Ground Zero is about," said Josh Baran.

Mr. Molander intends to keep Ground Zero operating and has begun to plan next spring's activities. He said the book he and his brother, Earl, wrote as part of their educational campaign, "Nuclear War, What's in It for You," is in its fourth printing, with 250,000 copies in circulation. They hope to write another book on the Soviet Union and its approach to nuclear weapons and arms control.

2,000 French Soldiers To Aid Security Police

United Press International

PARIS — Defense Minister Charles Hernu says the government has decided to strengthen the national security force with 2,000 national servicemen to help combat crime and political terrorism in France.

The announcement came 24 hours after President François Mitterrand, at a restricted Cabinet meeting with Interior Minister Gaston Defferre, decided to tighten police measures following the bomb explosion Thursday near the Champs-Élysées in Paris in which a woman was killed and 63 persons were injured. The government said it would tighten border checks and review its policy of granting political asylum.

Mr. Hernu said on Saturday that the 2,000 soldiers will be used as auxiliary troops in the gendarmerie, a paramilitary police controlled by the Defense Ministry.

Syria Accused

The bomb attack Thursday was believed to have been directed against the anti-Syrian Arab weekly Al Watan al Arabi (The Arab Nation). French authorities accused Syria of being behind the attack and immediately announced the expulsion of two Syrian Embassy diplomats, Michel Kassouha, the cultural secretary, left Friday and Commandant Hassan Ali, a naval attaché, flew home Saturday.

Syria has retaliated by expelling the French military attaché and second secretary in Damascus, and

the San Francisco Bay area coordinator of Ground Zero. "We're talking about educating the public, and that's better done to small groups."

Some San Francisco Bay area events were deliberately kept small. More than 400 people were turned away from a lecture by activist Daniel Ellsberg at the Diablo Valley College.

Mr. Molander said it might take a long time to measure the impact of Ground Zero and related efforts to make Americans more conscious of the dangers of nuclear war. "I'm looking forward to some polls" in the weeks and months ahead, he said.

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Violence has existed intermittently in Guatemala for three decades, but the situation deteriorated after Gen. Romeo Lucas García took office in July, 1978. Moderate politicians were murdered or forced into exile by rightist gangs, while thousands of Indian peasants were killed by the army in a strategy aimed at destroying the rebels' political base.

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Dennis Wardlow blows on a shell in the 'Conch Republic.'

'Conch Republic,' née Key West, Secedes in Anger Over Traffic Jam

Reuters

KEY WEST, Florida — Key West, located at the southern tip of Florida, has symbolically "declared war" on the United States after the police set up a roadblock to trap drug smugglers and illegal immigrants.

The mayor of Key West, Dennis Wardlow, said "we are seceding from the union since the United States government has seen fit to place a border at Florida City and treat us like a foreign country."

The dispute is over a roadblock set up by border patrols on the 110-mile highway (180 kilometers) linking Key West with the mainland. It was set up without advance notice on April 18, causing large traffic jams. Businessmen complained that this was harming the tourist trade.

In a ceremony in the Key West town square, the Stars and Stripes were lowered and a blue banner emblazoned with a yellow sun and a pink conch shell was raised in its place. Mayor Wardlow declared himself prime minister of the "Conch Republic."

He criticized "an unfair and unfriendly" government in Washington for authorizing the roadblock, which the police said had led to the capture of 34 "undocumented aliens" in two days.

A U.S. judge in Miami has rejected a suit seeking a temporary restraining order on the roadblock after the police assured the court there would be no repetition of the traffic chaos.

GALA PARIS OPENING

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INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

Page 4 Monday, April 26, 1982

The Sinai Withdrawal

Sand for Peace?

A Job to Finish

True to its word and to its interests, Israel has paid Egypt the final installment of Sinai sand. With this second evacuation in 25 years, it has bought a promising state of peace with its most formidable neighbor. But it does not buy peace of mind.

What might have been a joyous opening of Israel's first recognized boundary became instead a writhing withdrawal and Masada pageant of protest, with Jews hauling Jews from the rooftops and bulldozers burying dreams in the desert. What might have been only a first act of regional reconciliation became instead another occasion for showering terror upon Lebanon. Violence smothered the hopes of decades, while making a historic accommodation look like the final gasp of an exhausted diplomacy.

Arabs and Israelis alike remain bitterly torn about their conditions for peace on the other fronts, all of which are inflamed by the presence of still-disoriented Palestinians. So Sunday's is a separate peace in all but name — the kind that Anwar Sadat warned, in Jerusalem, would never last.

Sadat is gone and his successor seems even more determined to end Egypt's isolation from other Arabs. President Mubarak did not let the Palestinians veto the deal with Israel, but neither will he let Israel dictate his diplomacy concerning the Palestinians. This peace will grow, or it will shrivel.

If they lose this peace, Israel and Egypt would shed another generation's blood for no conceivable gain; even cold war could destroy their economies. Yet they have been unable to secure the peace by enlarging it.

The ambiguities by which they disguised their conflict about the future of the West Bank and Gaza are now exposed. Unmistakably, Israel moves to annex the territory while Egypt edges toward alliance with those who want it for an independent Palestinian state. Only America can still hope to define a middle course and reconcile obligations to Israel and interests in the Arab world.

There is not now much to build on. Prime Minister Begin regards the Sinai withdrawal as the final cession of territory. All his life, possession of the West Bank has been only incidental to security; he sees it as a birthright and has implanted like-minded settlers throughout the territory. In a year or two, they will have made it indivisible.

By refusing to negotiate with Israel, the Palestinians and other Arabs, too, leave little room for constructive mediation. They have only exacerbated Israel's mistrust and thus destroyed the psychological value of Egypt's breakthrough. If left now with the stark choice of annexing the West Bank or yielding it to a hostile Palestinian state, even Begin's sizable Israeli opposition would annex.

But that opposition still breathes, and it pants for American support. It is led by realists who think that incorporating a million Arabs into the Jewish state poses a greater threat to security than guiding them toward their own destiny. There may be risks in offering the Palestinians real autonomy and a separate political future, but many Israelis prefer them to perpetual domination or war.

What this opposition urgently needs is America's help in clearing a path to the Palestinians. And that requires a dogged reaffirmation of the Camp David promise of "full autonomy" — until elected Palestinian leaders can join with Israel, Egypt and Jordan to determine the region's future.

Of the Camp David signatories, only the United States can now give "autonomy" in the West Bank a constructive definition, one that separates Israel's security requirements from Palestinian political and territorial rights. Begin and the PLO notwithstanding, these need not be incompatible.

After four wars in the close quarters of the Middle East, Israelis tend to associate security with the size of their territory. War followed their first surrender of the Sinai's "strategic depth" — but the costliest war of all occurred while they held it. The depth of the terrain again surrendered. It depends on a breadth of vision in many places, on the churning under of fears instead of dreams.

THE NEW YORK TIMES.

A paradox is revealed in the Middle East as Israel evacuates the Sinai. For the unavoidably ambiguous promise of peace with Egypt, Israel is abandoning the certainties of a strategic buffer, one containing substantial economic assets. You might think Israelis would be assuaging their large and legitimate anxieties with the world's respectful appreciation for the huge risks they are taking for peace. But what few bows are being accorded are formal ones. Most countries, and many Americans, are already looking beyond Sinai.

It is obvious what shadows a day that otherwise would be bright. Israel's peace with Egypt was half of Camp David. The other half, an accommodation with the Palestinians, is stalled. Israel feels its performance with Egypt entitles it to work on the Palestinian question, within the Camp David framework, in its fashion. But its performance on the West Bank has pretty much cost it such a presumption of good faith. Israel has commandeered land and water for extensive Jewish settlement, blocked authentic currents of Palestinian nationalism and offered an autonomy so watery-thin as to discourage sampling by all but a docile few.

In short, Mr. Begin has retreated from his clearly stated and understood Camp David commitment to arrange with Egypt and the United States a five-year "full autonomy" for the Palestinians and, during that period, to bring Palestinians into a negotiation on the "final status," including borders, of the disputed territory.

In defense of the Israeli stand, it is asserted that the Palestine Liberation Organization is strictly a terrorist organization devoted to Israel's ruin. Terror is in the PLO's charter and mentality and operations, and too many people denigrate Israel's claim to protest and to defend itself against this ugly side of it. But that is just the point: Palestinian nationalism has different sides, different tendencies, as Zionism does. It was always open to Mr. Begin to play to the cooperative side. He chose not to. His policies have seemed designed to push all Palestinians to the far edge occupied by some of them, and to characterize all their activity as extreme even when it consists of politics in the democratic mode.

The current condition of Israel's politics and nerves is cited as a reason why the Reagan administration must walk on eggs and continue what it has been doing, which is to pursue a "strategic consensus" and muffle the Palestinian question. There is something to this argument, but not enough. The Israeli-Palestinian dispute creates tensions and the constant danger of war in an important region, and complicates American relations with every country there, not least Israel. The way it is now, the United States is not so much protecting Israel as sponsoring an Israeli suppression of another people, at great expense, political cost and risk. This is unseemly, unjust and unnecessary.

Stick to Camp David, says Menachem Begin. Fine. Camp David is a capacious accord. The trouble is not that it is narrow but that the United States has not challenged Mr. Begin's narrow interpretation of it.

He signed up for "full autonomy." Let him deliver, with America defining what it means by the term and pushing him along. Since Washington accepts that settlements harm the peace process, let it say it expects settlements to end — at once. Deal with the PLO, to bring it into direct negotiations with Israel. Why must the United States be held to its pledge on not talking with the PLO when Mr. Begin falls away from his "full autonomy"? Use aid as a lever? It's a question of tactics, not principles.

Israel is a friend and ally with a deep and abiding claim on affection, respect and constancy. Nothing can shake that. But surely it is possible to tell a close friend what you think your mutual obligations are. Let us sit around fumbling our worry beads and moaning about how complicated the Arab-Israeli question is and how difficult to resolve. This is a familiar question, and although it will be difficult to resolve, progress can be made if the United States will set out carefully and openly to do the job.

THE WASHINGTON POST.

Other Opinion

War Over the Falklands?

If the British blockade is maintained, if bloodshed is kept to a minimum, if international sanctions against Argentina are applied and maintained by other countries, above all by the United States, if the Argentine economy deteriorates rapidly — then the whole picture may look very different in two or three months' time.

— From The Sunday Times (London).

The Falklands gap, separating Britain and Argentina, has narrowed. It is still wide. But

on no point is it wide enough to justify going to war, with the certain loss of lives — perhaps hundreds and possibly thousands — on both sides. So much in this ludicrous crisis is about symbols and tokens. One begins to suspect that there is also, among some in Britain, a taste for a token war. But unless honor were satisfied by the recapture of the almost uninhabited island of South Georgia with minimum bloodshed, war would be unlikely to remain token. If Britain does go to war, she will embark on a path of increasing danger and international isolation.

— From The Observer (London).

April 26: From Our Pages of 75 and 50 Years Ago

1907: Blackout Scores New Yorkers

NEW YORK — Members of the Lampighters' Union took the Welsbach Illuminating Company and the city authorities by surprise when they struck, leaving the city's residence sections in darkness save for such aid as was given by non-union men and boys. An emergency police order was issued and policemen were ordered to light up as much as they could, but they had no ladders, and many were too fat to climb the iron posts. Householders whose wives and daughters had planned to pass the evening out became alarmed and kept the telephone wires to the police stations hot. The side streets, depending entirely on gas lamps for illumination, remained for hours tempting fields for burglars.

1932: Hitler Celebrates in Munich

BERLIN — "We are now indisputably the strongest party in Germany," declared Adolf Hitler in a speech to his followers in Munich. Thanking his partisans all over Germany on the day after the victory that made the National-Socialists, with 162 seats out of 422, by far the strongest element in the new Prussian Diet, the Nazi leader said: "Bravery and a spirit of sacrifice are manifested in this great victory. All our enemies' attempts at suppression are unable to hinder our swift rise." In the new Prussian Diet, neither the old Weimar coalitionists — Socialists, Centrists and Democrats — nor the Nationalist opposition — Hitlerites and Nationalists — will be able alone to form a government.



Quietly, Well Below the Wind

By George F. Will

WASHINGTON — It has been said that the dust from exploded beliefs makes a fine sunset. One result of the Falklands affair may be a fine sunset from exploded beliefs about naval force.

In 1919 people were shocked by the title of a book: "The First World War." Fifty-three years and at least as many wars later, it is widely and strangely believed that "force settles nothing" — although since 1919 force has settled the fates of Hitler, South Vietnam and many other things. Force — Argentina's use of it, Britain's use and threat of it — will settle the Falklands' fate, one way or another.

Old attitudes and supremacies have vanished. (Communique to the Admiralty, 1918: "We shelled the Turks from 9 to 11. And then, it being Sunday, had Divine Services.") Britain doubtless cannot recapture the islands by amphibious landings; a force coming ashore should have a four-to-one advantage over the force on shore. But Britain's force would be at best one-fourth that of Argentina's. As for stalemate at a latitude comparable to northern Newfoundland, Britain's fleet is arriving as winter is arriving, and winter means 80-knot winds and 40-foot seas.

But the Royal Navy has nuclear submarines. Such weapons have never been used in war, so there are few people who know how excellent they are. Those who know are those who use them 24 hours a day, 365 days a year, in undercover operations shadowing and being shadowed by Soviet submarines. Nuclear submarines are so fast, quiet and superbly equipped that Britain's could confine the Argentine Navy to port, or to the seabed.

The mere announcement of a blockade would cause maritime insurers to suspend policies on ships entering the area. Commercial traffic would stop; grain destined for Russia might rot on the docks.

This is a moment to explode the belief that the use

of naval forces for political objectives — "gunboat diplomacy" is the usual epithet — is an anachronism. And it is time for renewed appreciation of the role of naval forces in the U.S.-Soviet balance.

The Soviet Navy is quantitatively superior and is gaining qualitatively, but you do not accurately gauge a navy's adequacy by comparing it side-by-side with an adversary's navy. You measure a navy against its mission as defined by geopolitics, including treaties. The Soviet Union spans the Eurasian land mass and is contiguous with its principal "allies." The United States is an "island nation" whose trade and alliances reach across water, upon which the United States must be able to project force.

Navy forces must be designed for survival — for winning a fight, if necessary — in high-threat areas. The Straits of Florida are one. The Soviets have placed in Cuba their most advanced surface ships, diesel submarines and MIG-23s. If war began in Europe, more than half the men and materiel to resupply U.S. forces would have to pass from Gulf of Mexico ports through the Straits of Florida, or elsewhere through the Caribbean, within range of the formidable interdictor forces based in Cuba. East Coast naval facilities — Charleston, S.C., Mayport near Jacksonville, Fla., and Kings Bay, the new diesel base in southern Georgia — can be blocked by diesel submarines operating from Cuba.

The Navy is, rightfully, the biggest beneficiary of President Reagan's rearmament plans. Its budget is doing well in Congress, not because Congress enjoys spending for military procurement but because the number of ships has been cut in half in the last 12 years and is now inadequate to treaty commitments. These commitments bind the United States to more than 40 partners, touching every ocean.

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Beyond Ex-Yamit: Partial Peace Is Joyless

By Flora Lewis

TEL AVIV — The eve of Israel's second full withdrawal from Sinai, this time in peace with Egypt, was a moment of questions without answers. The simple, almost apologetic ceremonies scheduled for Sunday were a symbol of the wary uncertainty.

For the Israelis, forcible evacuation and destruction of the Yamit settlement in northern Sinai was a trauma. Not ashes, but desert sand to desert sand is the ugly lesson. A great many, in the opposition as well as in Prime Minister Menachem Begin's government, have bitterly sworn: Never again.

That bodies ill for the West Bank and Gaza. There are a few optimists around the Middle East, but not many. Everyone tends to agree that attitudes in the area continue to change with time. The issue is which way they are going and who will win first.

Optimists, both in Egypt and Israel, say Arab leaders and eventually Palestinians will wake up soon and realize that only Egypt, by acceptance of peace and negotiations, has found the successful formula. The drama of Yamit will fade and Egypt's real commitment will ease Israel fears, while failure of Begin's version of limited autonomy for people but not for land on the West Bank will revive Jerusalem's interest in compromise.

This analysis also relies on changing Arab alignments and possible Iraqi rapprochement with Egypt to counter Syrian ambitions eastward. Syria alone could not block an effort to enlarge the settlement involving Jordan.

But most authorities feel time is going in the other direction. Israeli attitudes have definitely hardened. The government is gambling that respectful Arabs in what Israelis call "the territories" (the Arabs say, "the oc-

cupied territories") will realize the failure of the PLO to help them. The plan is eventually to offer local self-government with a choice of citizenship in Israel or Jordan. One day, Transjordan would be seen as the Palestinian state, at the expense of Hashemite rule. The fact that this would assure much greater, more dangerous hostility on Israel's longest border is accepted by such people as Defense Minister Ariel Sharon as preferable to any Arab sovereignty on the West Bank.

That is not fixed policy at this stage. It depends on a lot of dangerous impermanences. The most immediate is the future of southern Lebanon and the tough decision facing the PLO. Israeli analysts do not see how it can go on indefinitely accepting the cease-fire yet refusing to negotiate, and still claim allegiance among Palestinians.

The bet in Tel Aviv is that the PLO will start to shell northern Israeli settlements again. That would change Israeli opinion further. Preparations have been completed for an invasion of southern Lebanon. Sharon and Foreign Minister Yitzhak Shamir have said publicly that the PLO could be wiped out as a military force. The main reason Begin refused to endorse the operation appears to be that Israeli opinion would not have supported it, including risk of war with Syria.

The United States gave clear and sharp warnings. But Washington would not necessarily be an effective deterrent if a majority of Israelis were aroused by renewed attacks. Senior Western diplomats rate the danger of another major war within a year or so as

A Soviet Opportunity In the South Atlantic

By Leopold Unger

RUSSELLS — Moving with a speed that might dazzle the British, Soviet forces landed in Argentina. The Soviet national soccer team played its planned matches against Argentina's national team.

Given the importance of soccer in Argentina and the political utilization of sport in the Soviet Union, the decision to play scheduled matches despite an international crisis is an indication of Moscow's support for Argentina in the conflict over the Falklands.

It is not a question of fair play. When diplomatic expediency requires, Moscow knows how to ignore schedules, as it did when it boycotted the 1976 Czech Olympics in Israel on the pretext of instability in the Middle East.

When the Falklands crisis came before the United Nations Security Council, Moscow felt it could not support the use of force to seize contested territory. That would have meant encouraging a precedent that could be exploited, if only through propaganda, by China, Japan and Romania over parts of Siberia, the Kurile Islands and Bessarabia. Not to mention the Baltic countries and a good third of prewar Poland that are now under Soviet control.

It was better for Argentina that Moscow showed a less than perfect support set off a counter-reaction among the major Latin American countries and deprive Argentina of support from its continent.

But that was long ago. Now the Soviet position on the Falklands issue has shed ambiguity. The Soviet press regularly assails "U.S. duplicity" and condemns in advance any British attempt to "restore a colonial status" to the islands.

Soviet observation planes based in Cuba, spy ships from various ports — notably Luanda in Angola — and satellites are supplying Argentina with data on the movements of the British fleet.

After their initial discretion, the Soviets realized that several aspects of the crisis placed Moscow firmly on the Argentine side.

This is, in fact, an excellent opportunity for the Soviet Union. The Falklands affair, like the Cyprus dispute, has placed the two allies of the United States and forces Washington to be cautious.

Argentina is a serious partner for the Soviet Union, both economically and politically. Moscow has already bought 12 million of the 18 million tons of grain that Argentina will export this year. This is important for Argentina, which sells more goods to the Soviet Union than to any other country, and it is vital for Russia, whose grain harvest this year was the worst of the last decade.

Sales of U.S. grain are always subject to political uncertainty. For example, in the event of direct Soviet intervention in Poland, President Carter imposed a grain embargo on the Soviet Union after it intervened in Afghanistan. That embargo was skirted largely thanks to grain from Argentina.

In addition, Argentina has been a Soviet ally in international debates — particularly at the United Nations — on human rights.

Another reason for the Soviet support for the Argentine position is the EEC trade sanctions. (Tag calls them "economic blackmail.") If the sanctions worked against Buenos Aires, Moscow would see a dangerous precedent that could be applied to the Soviet Union.

West European countries declared sanctions unworkable when they rejected U.S. pressure to cut trade with the Soviet Union after the military coup in Poland. Yet now the West European states have acted together in imposing sanctions against Argentina.

Finally, as a world power the Soviet Union cannot remain aloof from any conflict that could affect the international balance of power. The Kremlin has long been attracted by Antarctica, where it has seven outposts for "scientific" studies. The area between Antarctica and Argentina, like the Cape of Good Hope off southern Africa, is a strategic maritime channel.

The 1982 Antarctic crisis showed the Kremlin that it did not have the means to play an important and permanent role in the Western Hemisphere. But that very failure was a turning point. In the 20 years since then the Soviet Union has acquired the needed ships and bases and taken advantage of each crisis to increase its influence in the area. For Moscow, the Falklands affair is another opportunity to be seized.

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-Letters-

Moon Case

Regarding "Moon Tax Case Stir U.S. Debate on Political Activities of Churches" (Herald Tribune, April 13):

How is it possible that reputable church organizations can file "friends of the court" briefs on behalf of Moon's Unification Church? Such groups as Moon's only become so powerful and spread their venom because they are tax-exempt and able to spend without accountability on advertising and indoctrination.

It is time that church leaders united behind the governments of the free world and paid a small portion of taxes. Only when there is some public knowledge of the money donated and the property wealth of churches will the poor finally benefit from the "good works" of churches.

Taipei. SUSAN BYASSON.

Austria Again

In response to Maria Maerz (Letters, April 22): I emphatically deny the "black propaganda" attributed to me by Ms. Maerz in my reporting on Austria. ("Focus on Austria," March 25). The article leads with relevant remarks by Chancellor Bruno Kreisky but is otherwise based exclusively on recent interviews with, or statements by, bankers and businessmen quoted. (I wonder whether Ms. Maerz was present at the annual meeting of the Association of Austrian Bankers on Feb. 24?)

The correspondent curiously fails to see a 10-square-inch graphic showing precisely the unemployment statistics. These statistics are repeated in expanded form on the last page of the supplement. The OECD's 1981 Economic Survey on Austria appeared only after the supplement. However, the 1980 survey is cited in a large display showing Austria in a distinctly favorable light.

Vienna. DAVID HERMIGES.

SAS Fauted

Elizabeth Thomas (Letters, April 12) says that SAS "may soon resemble Aeroflot." From my own experience I can assure that the attitude of SAS personnel is already Aeroflot-like, condescending and "could not care less" towards the customer.

Tokyo. H.Z. BORNSTEIN.

Mark Twain

Thank God for Mark Twain, and also for Russell Baker's intelligent and sensitive commentary (Herald Tribune, April 16) on teachers, kids and classics.

Geneva. BERT CANTOR.

Defense in Europe: Reassessing the Tank

By Tom Wicker

NEW YORK — Is the tank introduced in World War I and the dominant land weapon of World War II, obsolete already? And if so, might that help in the prevention of nuclear war?

The answer is yes to both questions, in the view of an impressive group of prominent scientists, U.S. military officers and former senior government officials.

Unfortunately, their recent statement attracted little notice, owing primarily to the great attention accorded at the same time to a proposal by four former nuclear security officials that the United States move toward a policy of "no first use" of nuclear weapons.

The group under the auspices of the Union of Concerned Scientists went further. It recommended:

• A "no-first-use" policy and the withdrawal from Europe of American and Soviet tactical nuclear weapons.

• Immediate Soviet-American negotiations for large reductions in nuclear arsenals.

• A U.S. announcement of willingness to enter into an immediate bilateral freeze on the buildup of strategic nuclear weapons, as well as renewed negotiations for a comprehensive test ban treaty.

The concerned scientists' group concluded, first, that the United States and the Soviet Union share

"rough equality" in nuclear weaponry — 9,500 strategic nuclear weapons on the American side, 7,000 on the Soviet — with neither having the capacity to disarm the other in a successful first strike.

The group also found that NATO has "the manpower, economic wealth and technological prowess to mount an adequate conventional defense against a nonnuclear Soviet attack. That is where the tanks come in."

Virtually every argument by those who maintain that the Warsaw Pact powers could overwhelm NATO in conventional warfare relies heavily on the assertion that NATO has a counteradvantage in anti-tank weapons.

In a letter to me, Dr. Hans Bethe — the Nobel Prize-winning physicist and a member of the scientists' group — wrote that because of "the rapid evolution of anti-tank weapons, tanks largely to the very significant technological lead enjoyed by the West... many highly qualified persons believe that before long tanks will be as obsolete as the cavalry."

One such person is Richard Garwin, a physicist and defense specialist who also was a member of the scientists' group. He agrees that tanks are becoming obsolete because of technology and the inherent advantages of the defense over the offense in war. Hence, assuming that the Warsaw Pact would be the aggressor in any conventional war, the West would retain its advantage even if the Russians developed equivalent anti-tank technology.

Specifically, Garwin said in a

telephone interview, the United States now has or can quickly develop hand-held, air-delivered, missile-delivered and artillery weapons, utilizing such devices as laser beams and infrared homing, that could make tanks all but useless in attack.

Aircraft or artillery, for example, can deliver fields of "strike mines" across the path of a tank assault wherever it develops, making that path all but impassable.

Another anti-tank device requires an observer to focus a laser beam on an oncoming tank; either an air- or missile-delivered bomb or artillery shell then "homes" on the laser and destroys the tank.

This method was used in Vietnam as early as 1969 in bombing bridges. Alternatively, infrared-guided weapons can pick up the heat of a tank engine and follow it to its target.

NATO anti-tank aircraft, of course, could be vulnerable in battle, for that reason, Garwin advocates a buildup of conventionally armed cruise missiles to deliver — from whatever distance required

and without the inflexibility of fixed artillery positions — the anti-tank weapons.

Hand-held weapons can also fire guided missiles that will seek out a maneuvering tank if the man firing it keeps his sights trained on the tank; the weakness is that this can take perhaps 10 seconds, during which the weapon's holder must remain standing and is highly vulnerable. Garwin insists that periscopes and detached firing equipment could quickly and cheaply be developed to perfect these otherwise effective tank killers.

All these weapons would be more effective than neutron bombs or other nuclear weapons against a spread-out tank force, and they would carry with them no risk of nuclear escalation.

Thus, nonnuclear developments in anti-tank warfare, if they void the supposed Warsaw Pact advantage in tanks, also go far to void whatever necessity there might have been for NATO to rely on nuclear weapons to repel a conventional attack. That, in turn, would make clear the feasibility of a "no-first-use" policy.

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INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

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International Herald Tribune, S.A. au capital de 1,000,000 F. R.C.S. (N° 120112) 171101, rue de la Paix, 171101 Paris Cedex 01, France. Téléphone: 33-1-42-34-12-34. Telex: 617718 Herald Paris Cedex 01, France. Adresse de la publication: Walter N. Thayer, U.S. subscription agent, 220 West 57th Street, New York, N.Y. 10019. Second class postage paid at Long Island City, N.Y. 11101. © 1982 International Herald Tribune. All rights reserved. Consensus Paritaire No. 34-21.

General Manager: Alan Leiser, 34-34 West 57th Street, Room 1801, New York, N.Y. 10019. Tel. 5-34-34. Telex: 617718 HTRIBL.

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Peking, Barren of Greenery and Choking on Pollution, Tries to Undo Damage

By Michael Weisskopf
Washington Post Service

PEKING — The birds disappeared 25 years ago, then the grass and shrubs for reasons that could only have made sense in China at the time.

The birds were systematically exterminated for eating farmers' seeds. Sparrows and song birds by the millions dropped dead of exhaustion as Peking residents beat pots, banged gongs and exploded firecrackers to keep them from resting on tree limbs.

Peking's greenery was uprooted in a later mass effort that was designed to rid the city of insects by destroying breeding grounds. The pests had become a health menace because there were no birds to eat them.

Now, the first thing one notices about spring in Peking is how much it looks like winter. In the past, a park in April is a lush green landscape. A park in April is a lush green landscape. A park in April is a lush green landscape.

foreign occupation and political changes is choking on foul air and dust storms, drying up from a severe drought and gagging on contaminated water and human filth.

For Peking's nine million residents, the ecological decay turns up the misery index a few notches. Bicycle riders cover their faces with surgical masks and nylon scarves to keep from breathing cold dust. No one drinks the water before boiling it. Youngsters have few green spots for play.

A U.S. Environmental Protection Agency scientist visited Peking two years ago and conducted a spot air-quality test and found pollution six times greater than the agency considered safe.

According to Chinese reports, the 1.6 million tons of raw sewage and industrial waste dumped daily into city streams pollutes underground water supplies with harmful amounts of mercury, cyanide, cobalt and bromine.

Profligate use of water and the worst drought in 100 years have dried up a third of the city's wells, lowered the water table by

three yards (2.73 meters) last year and caused an increase in the nitric acid content of drinking water.

Communist officials whose crash industrialization and social neglect upset Peking's balance of nature over the last three decades have recently begun to realize the negative effects and have become devoted ecologists.

The city has banned the construction of new heavy industry, ordered polluters to clean up their emissions and forced some factories to ration water. Peking citizens, who once were mobilized to kill birds and pull out every blade of grass, are now exhorted to plant trees and shrubs.

Despite the best official efforts, Chinese and foreign experts believe that reversing Peking's environmental degradation will be as difficult as bringing back the song birds.

Over the last 200 years, Peking has evolved from a gentle town of royal families and mandarin scholars into a gritty industrial giant, which produces 80 percent of everything it consumes.

Like many Western cities, Peking grew without an eye to aesthetics or human need. Population has increased sixfold since 1949 and whole neighborhoods popped up without planning for sewerage, roads or water.

Dwindling Water Resources

The pressures of population in a city that offers each person 15 square feet (1.35 square meters) of living space intensify the environmental problems. Many Peking residents have added small wooden or brick structures to their houses, extending them to the narrow alleyways that serve as streets. The unauthorized building has caused a major sanitation problem by blocking the passage of trucks that pick up garbage and excrement.

Government regulators already have taken emergency measures to conserve dwindling water resources. In addition to rationing for several dozen industries, the city has installed water meters in some offices, schools and army barracks to cut down usage.

With the underground water supply di-

minishing, the dangerous impact of pollutants has grown substantially. The official Health News magazine, which issued a long list of drinking water contaminants, reported that the mercury content of fish in some areas exceeds government limits by 40 percent.

While cooking sterilizes water and food, it is more difficult to filter the air one breathes in Peking. Most air pollution comes from the coal-burning stoves used for heating and cooking. According to the Peking Evening News, the ovens pump enough soot into the air each year to fill more than 6,000 railroad cars.

Dust Storms Blow

Tons of coal dust spewed out daily create what is known among foreign residents as "Peking lung" — chronic bronchitis. The EPA scientist who measured air quality said the soot is made of very small particles with pervasive effects on lungs.

On most days, smog makes it impossible to see the western hills that flank the city.

The coal residue mixed with what Chinese specialists say are high levels of sulfur dioxide, carbon monoxide and nitrogen oxide almost always make breathing difficult.

The difficulty increases every spring when vicious dust storms blow in sand from the Mongolian desert. The dust moves unobstructed through treeless sections of Peking, finding its way into window cracks, nostrils and lungs. Goggles are sometimes needed to see a few feet ahead.

As Chinese scientists and municipal officials have gained exposure to pollution problems and remedies in other parts of the world, they have moved with urgency to tackle Peking's problems.

Last February, the academy of sciences started the "urban ecosystem research project," which was called a "major scientific item" with the goal of making Peking more livable. The project, which will recommend measures for cleaning up Peking, was described as "urgent and of great importance. Even the city's greatest boosters would agree that, as urban models go, Peking needs work."

U.S. Aides Stress Triad In Asia Against Russia

By Robert Trumbull
New York Times Service

HONOLULU — Senior U.S. diplomatic and military officials in the East Asian and Pacific region have emphasized the common interests of China, Japan and the United States in countering what the officials said was a growing Soviet threat in the area.

Adm. Robert L. Long, the Hawaii-based commander of U.S. forces in the Pacific and Indian Ocean and Gulf areas, said, "We have long passed the point where we can defend against the Soviet Union alone."

In an analysis of U.S. security concerns in the region, he gave priority to what he termed "the growth of Soviet military power" and "a comprehensive Soviet strategy for military power projection."

The diplomats and Adm. Long took part last week in a closed-door policy conference at the admiralty headquarters at Camp Smith, near Honolulu. They spoke before an audience of civil and business leaders on "U.S. National Security Interests in Asia and the Pacific," sponsored by the Pacific and Asian Affairs Council, a private study group.

see "a real Sino-Soviet rapprochement and partnership" such as existed before ideological differences separated them more than two decades ago.

He said, "U.S. military planners no longer consider China as a potential adversary. China implicitly supports U.S. military deployments and security arrangements throughout the area."

Taiwan Remains Problem

The only serious differences of view between Washington and Peking concern China's support of North Korea and U.S. arms sales to Taiwan, he said.

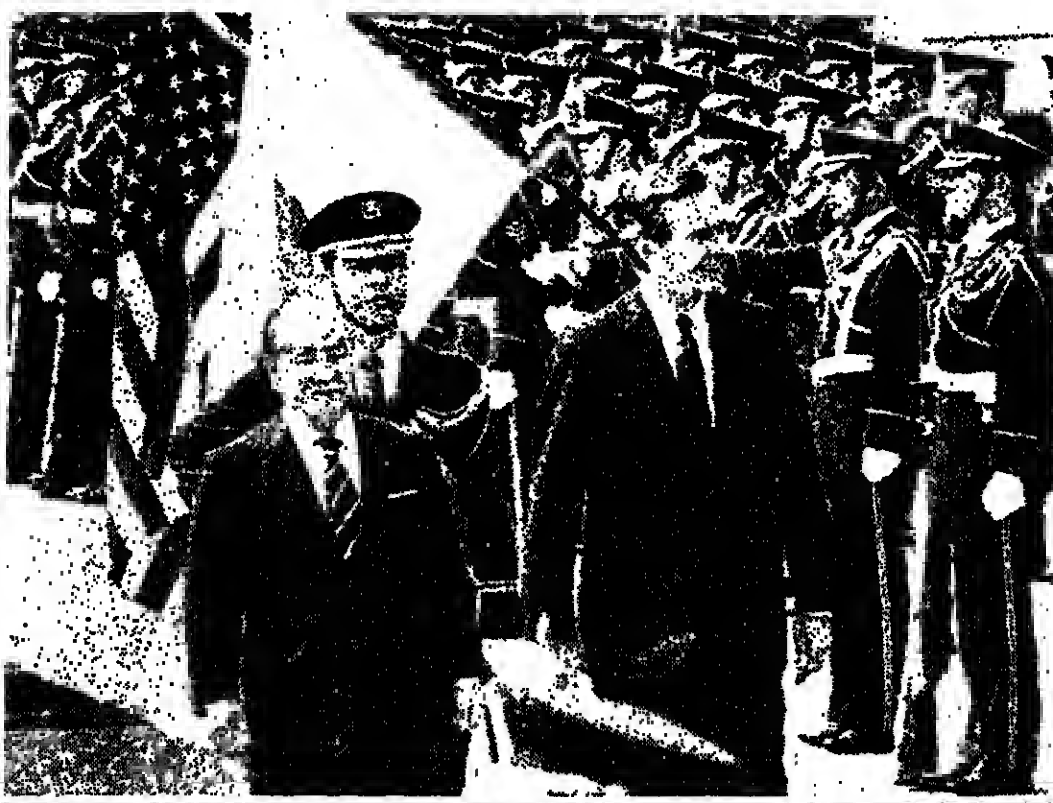
John H. Holdridge, assistant secretary of state for East Asian and Pacific Affairs, referred to the Taiwan disagreement as a "minefield" that "I'm not even sure we can find a way through."

"But we are working very hard to establish a balance, to establish a bridge, to maintain an official relationship with China and an official relationship with Taiwan," he said.

The U.S. ambassador to Tokyo, Mike Mansfield, and other speakers called for an improved Japanese military ability, but conceded that domestic political considerations limited Japan's role to defense of its own territory.

Another consideration mentioned was the lingering suspicion of a resurgent Japan among Asians who suffered at Japanese hands in World War II.

John G. Deane, U.S. ambassador to Thailand, said, "The prospects for future development of the Soviet Union's newly gained Vietnamese bases are alarming and raise new questions of our preparedness to cope militarily in the Western Pacific."



Vice President Bush and Premier Zenko Suzuki of Japan review an honor guard in Tokyo.

Bush Arrives in Seoul After Saying He Would Be Willing to Visit China

From Agency Dispatches

SEOUL — Vice President Bush arrived Sunday from Tokyo, on the second stop of a tour of Asia and the Pacific that will also take him to Singapore, Australia and New Zealand.

His three-day visit to South Korea marked the centennial of U.S.-Korean relations. "The 1882 Treaty of Peace, Amity, Commerce and Navigation was only the first step of a long succession of treaties and international agreements which have bound the two nations and their peoples," Mr. Bush said after his arrival.

Mr. Bush is expected to meet President Chun Doo Hwan on Monday.

Asked at a news conference before he left Tokyo about speculation that he might visit China, Mr. Bush said such a trip would be helpful. China has denounced the Reagan administration's sale of military spare parts to Taiwan, and some analysts have expressed fears that China might downgrade its diplomatic ties with Washington.

standing" the U.S. position on the spare parts deal. Peking has charged that the sale infringes on China's sovereignty, since it asserts that Taiwan belongs to the China. Unless Congress blocks the sale, it will go through in mid-May.

Mr. Bush arrived in Seoul as South Korean officials were expressing increasing concern about growing anti-U.S. sentiment. The American Cultural Center in Pusan was set afire in March by theology students, in an incident

that was widely interpreted by church officials, including conservatives, as a protest of U.S. support for Mr. Chun.

In another sign of anti-U.S. sentiment, 42 church leaders signed a petition last week demanding that the Reagan administration recall two senior U.S. officials, Gen. John A. Wickham, the commander in South Korea, and Richard L. Walker, the ambassador. Both were said to have made insulting remarks about Koreans.

American to Chronicle Genocide by Pol Pot

By Samuel G. Freedman
New York Times Service

NEW HAVEN, Conn. — Gregory Stanton remembers when the Cambodian regime began. He was a college senior in Cambodia in 1969, but a teen-age boy. The boy told him how two others of his age, members of the Pol Pot forces, had forced him to watch as they killed his parents.

"And as he told me this," Mr. Stanton said, "he began to cry."

And now, in the recounting, so does Gregory Stanton. The mission he has chosen for himself — to chronicle the killing of millions of Cambodians by the government of Pol Pot — is historical and statistical, but it is also, he says, a synthesis of conscience and outrage.

He said, "Part of it is that after you've gotten to know people in Kampuchea and heard their stories — and everyone has lost someone — you begin to realize how personal mass murder is. Impersonal to the murderer, but personal to the victim. You hear enough, to the point where the stories add up to a duty."

To Mr. Stanton, duty is the Cambodian Genocide Project. He made an initial trip to Cambodia for the project in March. Now he is attempting to raise \$300,000 for an 18-month project that would begin in October and include photographic surveys of mass graves.

microfilming of records of executions, studies of bodies by a forensic pathologist and interviews with survivors.

Estimates of the number of Cambodians starved, murdered or worked to death during the rule of the Pol Pot regime, from April, 1975, to January, 1979, range from one million to three million in a population that previously stood at about seven million.

Beyond a body count, Mr. Stanton believes, his study may stand as a reminder to the world, much as the Jewish people have memorialized the deaths of European Jews under Nazism to guard against a repetition, and a tool for nations to take action against the Pol Pot regime, which continues to represent Cambodia in the United Nations.

Mr. Stanton, 35, a student at the Yale Law School in New Haven, said, "We must try to learn why genocides happen, because they don't just happen. Human will makes them happen."

"We might learn the way unrestrained state power can turn, is bound to turn, evil. One of the chilling lessons — maybe the most chilling — is how this regime made its children into killers."

Cities Bulldozed

The Pol Pot government drove millions of city dwellers to rural communes, jailed or executed many educated urbanites, left Phnom Penh, the capital, deserted, and bulldozed other cities, like Kompong Speu, out of existence.

That was the Cambodia Mr. Stanton found when he arrived in June, 1980, to direct relief for Church World Service, an agency of the National Council of Churches.

Mr. Stanton said, "When you talked to the witnesses it was obvious there was murder on the basis of Stalin and Hitler."

Last summer Mr. Stanton enlisted the cooperation of David Hawk, former president in the United States of the human rights organization Amnesty International, and obtained permission to conduct the study from the Cambodian government of Heng Samrin, which now controls most of the country and is fighting the remaining Pol Pot forces.

In their initial investigation, Mr. Stanton and Mr. Hawk photographed mass graves, the skulls piled separately from sundry bones to make a more expeditious body count.

Mr. Stanton read the records of the Tuol Sleng prison, where thousands of Cambodians were clubbed to death. One document at the prison, Mr. Stanton said, explained this method by saying, "Bullets couldn't be wasted."

Cardinal John P. Cody of Chicago Dies at 74

Washington Post Service

WASHINGTON — Cardinal John P. Cody, 74, the leader of the largest Roman Catholic diocese in the United States, died Saturday at Northwestern Memorial Hospital in Chicago.

Cardinal Cody, the archbishop of Chicago since 1965, had been in failing health with heart problems

been associated with the National Geographic Society since its founding in 1888. His great-grandfather, Gardiner Greene Hubbard, was the society's founder and first president; his grandfather, Alexander Graham Bell, inventor of the telephone, was its second president, and his father, Gilbert Hovey Grosvenor, was editor of the magazine from 1899 to 1954. Mr. Grosvenor's son, Gilbert M. Grosvenor, is now president of the society.

OBITUARIES

and diabetes for several years. In recent months he faced allegations that he had improperly diverted up to \$1 million in church funds to a woman friend.

Sometimes criticized by his priests but widely respected as a vigorous and able reformer, Cardinal Cody became one of America's most prominent churchmen in his 50-year career.

As archbishop of New Orleans from 1961 to 1965, he fought to integrate Catholic schools there. When one segregationist leader held out, Cardinal Cody excommunicated him. The cardinal escorted some black pupils to school when racial tensions were high.

This year he faced a criminal investigation by the U.S. attorney in Chicago in connection with allegations that he diverted church funds to a lifelong friend, Helen Dolan Wilson, 74, Mrs. Wilson was Cardinal Cody's step-cousin and they reportedly were raised as brother and sister.

The Chicago Sun-Times reported last September that Cardinal Cody gave Mrs. Wilson \$90,000 for a Florida home and paid her an annual salary for six years, for which she apparently did nothing. Cardinal Cody dismissed the stories as innuendo and ignored federal subpoenas for records of his and archdiocese funds.

Born in St. Louis, he was graduated in 1928 from the North American College in Rome. In 1940 he became chancellor of the St. Louis archdiocese and auxiliary bishop of St. Louis in 1947. He became bishop of St. Joseph, Mo., in 1955 and bishop of the combined Diocese of Kansas City and St. Joseph in 1956, moving to New Orleans in 1961.

Rep. John M. Ashbrook

WASHINGTON (WP) — Rep. John M. Ashbrook, 53, of Ohio, who championed conservative principles and ran against President Richard M. Nixon for the Republican presidential nomination in 1972, died Saturday after collapsing at his home in Johnstown, Ohio. He was elected to 11 terms.

The Rev. Michael P. Walsh

From Agency Dispatches
BOSTON — The Rev. Michael P. Walsh, 70, a former president of Fordham University and Boston College, died in Boston Friday. He became president of Boston College in 1958, holding that position for 10 years. In 1969, he accepted the presidency of Fordham University, which he held for three years.

Italian Reporter Freed In Dispute Over Story

The Associated Press

ROME — A magistrate has ordered the release of a journalist jailed last month for refusing to reveal his sources for a story that said the Christian Democratic Party paid a ransom for the release of a party member kidnapped by the Red Brigades in Naples.

The magistrate granted provisional liberty — the equivalent of release on bond — to Marina Maresca, a reporter for the Communist Party daily L'Unita. Although she did eventually reveal her sources, she still faces criminal libel charges.

8 Held at Brussels Protest

BRUSSELS — Eight persons were arrested Saturday, when fights between police and a small number of demonstrators ended a march by thousands of youths urging the government to create more jobs. A police spokesman estimated that 10,000 people marched through Brussels to protest the government's austerity program; organizers put the number at 25,000 to 30,000.

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Captured Agent Said to Implicate S. Africa in Failed Seychelles Coup

By Joseph Lelyveld
New York Times Service

JOHANNESBURG — A former South African intelligence operative is reported to be disclosing to his captors in the Seychelles details of South African government involvement in a bungled coup there in November.

Martin Dolinchev was captured on the island of Mahé shortly after a band of white mercenaries had escaped in a commandeered Air India plane. He quickly acknowledged being an agent of the National Intelligence Service of South Africa but maintained, at first, that his employers knew nothing about his involvement in the plot to overthrow the government of President Frances Albert René.

Later, in testimony to a United Nations commission dispatched to investigate the attempted coup and in interrogation sessions with the Seychelles police, Mr. Dolinchev is reported to have said that high officers of the South African defense forces as well as the intelligence service were well informed of the plot. Now reports from Victoria, the capital of the Seychelles, say Mr. Dolinchev is planning to become a state witness and to "tell all" in the trial of six other accused conspirators who were captured after the botched coup.

He is said to have implicated the commanding officer of the South African forces in South-West Africa (Namibia), Maj. Gen. Charles Lloyd, saying he gave the general a full report on the coup plan in 1980, when Gen. Lloyd was stationed in the province of Natal on the Indian Ocean coast.

In an interview with a Natal newspaper, Gen. Lloyd acknowledged recently that Mr. Dolinchev had tried to persuade him to meet with Col. Mike Houns, the mercenary leader who is now standing trial in South Africa with 42 of his

men on a charge of hijacking the Air India plane. Gen. Lloyd said the meeting never took place and denied that he had any prior knowledge of the attempted coup.

Mr. Dolinchev is reported, however, to be asserting that the South African government decided in 1980 to provide logistic support and that the Soviet- and Hungarian-made AK-47 assault rifles and Chinese hand grenades that they used to smuggle into the Seychelles were made available by the South African armed forces from stocks captured from guerrillas in Namibia.

The National Intelligence Service has maintained that Mr. Dolinchev's employment was terminated two months before the coup attempt.

A pro-government Afrikaans-language newspaper, Rapport, said two weeks ago that planning for a

Seychelles coup started the day after a dinner party for intelligence service officers, including Neil Barnard, the head of the service, at a Durban hotel last September.

The English-language Rand Daily Mail reported last Wednesday from Victoria that the South African intelligence service sent two agents to the Seychelles in the guise of tourists two months earlier in an effort to discover how much Mr. Dolinchev had been telling the authorities there.

A further indication of official South African wariness was contained in a remarkably soft response made the week before last by Prime Minister Pieter W. Botha to an appeal from Mr. René for clemency for three young members of the banned African National Congress who have been condemned to die for their part in an attack on a police station.

Namibia Voting Plan Reportedly Rejected

The Associated Press

LISBON — Black nationalists fighting South Africa for the independence of South-West Africa have rejected revised Western electoral proposals for the territory, according to the official Angolan press agency.

The reports received here, including interviews with Sam Nujoma, the president of the South-West Africa People's Organization, and Paulo Jorge, the Angolan foreign minister, said the region's "front-line" nations also rejected the latest proposals drawn up by negotiators from five Western nations who have been trying for years to arrange a settlement. Mr. Nujoma, who heads a movement that has been fighting a low-level guerrilla war against South Africa for 16 years, was quoted as saying his group "reserves the right to reject that which is not correct."

Supporters of the guerrillas have said that a key feature of the proposal — to have the votes of Namibians counted in two different races — made the election too complicated. Mr. Nujoma demanded a one-man, one-vote system.

Origins Questioned

According to the Angolan report, Mr. Nujoma said the latest proposals "came originally from South Africa" after meetings last year between South African and U.S. officials.

Under the Western proposals, each voter would cast one ballot, but each ballot would count twice: once in a nationwide proportional race and once in head-to-head constituency contests.

Half the seats in a constituent assembly, or parliament, would be elected through each of the two mechanisms, according to the proposals.

In line with his guerrillas' recent

offensive in northern Namibia's rich farmlands, mostly populated by white colonists, Mr. Nujoma threatened further attacks while negotiations remain deadlocked.

"The forces of liberation will increase their fire while there is no negotiated accord," he was quoted as saying.

'Impasse' Reached

Mr. Jorge, whose Marxist government has provided refuge for thousands of SWAPO supporters who have fled the war zone, said talks on South-West Africa's future had reached an "impasse." SWAPO and the "front-line" nations — Angola, Mozambique, Botswana, Zambia, Tanzania, Zimbabwe — were seeking to get the negotiations back on a forward track, he said.

Outlining the negotiation process begun in earnest last year, he said that the second electoral proposal offered by the Western five "seems no different from the first to us."

Preliminary conversations pointed to three possible voting systems for Namibia, he said: universal suffrage, proportional representation or a combination of the first two.

After a recent meeting in Tanzania, SWAPO and the front-line countries told the Western negotiators that they favored universal suffrage first but would also "leave the door open" on the possibility of proportional representation. No combination of the two, however, would be accepted.

The subsequent proposals from the Western negotiators called for variations on the third, or combined, system. The latest proposals constituted a one-man, one-vote procedure, Mr. Jorge said, but "this vote would then be counted twice."

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All Currencies Except DM

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10 Average Life Below 5 Years

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to Average Life Above 5 Years

1.15	Ward Foods Overhead	5/24	11	Nov	82	1/2	24.75	28.50	11.11
1.20	Radiation Products Ex/Inv	6/1	1/2	71	Feb	83	1/2	70.11	72.11
1.20	Metropolitan	5/24	11	Feb	83	1/2	32.50	38.50	11.11
1.20	Country Schweinhaus	7/24	11	Feb	83	1/2	32.50	38.50	11.11
1.20	Venhaus	11	34	Nov	89	1/2	32.50	38.50	11.11
1.20	Daimler Pannagel Ltd	8/24	11	Nov	89	1/2	32.50	38.50	11.11
1.11/89	East. Europ. Coal & Steel	7/24	11	Feb	83	1/2	17.17	17.84	17.84
1.20	Porman	7/24	11	Feb	83	1/2	17.17	17.84	17.84
1.20	Schachelen City	11/2	11	Feb	78	1/2	14.48	14.73	15.15
1.20	Finnland	14	11	Nov	78	1/2	13.41	14.59	15.15
1.20	East. Europ. Coal & Steel	7/24	11	Feb	83	1/2	17.17	17.84	17.84
1.20	Hausberg Bros	18/2	11	Feb	79	3/4	13.50	14.59	15.15

— HIGHEST GRADE —			
1st Harvest	12 3/4 TB AUG	40	12 1/2
	1 1/2 TB SEP	45	12 1/2

8/22	Autoserv-Financorp	10/1/2	Nov	100	1/2	23.67	1
8/22	Turbo Resources P-Cy	11/1/2	Nov	100	1/2	27.94	1
8/22	Melcor	7/1/2	Nov	100	1/2	27.94	1
8/22	Washco	7/1/2	Nov	100	1/2	27.94	1
8/22	Consolidated-Bathurst	9/2/4	Nov	100	1/2	27.94	1
8/22	Intl Finance Credit	10/1/2	Nov	100	1/2	27.94	1
8/22	CF Quebec	10/1/2	Nov	100	1/2	27.94	1
8/22	Romtek Inc	11/1/4	Nov	100	1/2	27.94	1
8/22	Biomedical Systems Fin	11/1/4	Nov	100	1/2	27.94	1
8/22	Biomedical Systems Fin	11/1/4	Nov	100	1/2	27.94	1
8/22	Bankers Trust Bank	7/3/4	Nov	95	1/2	13.29	10.26
8/22	Bankers Trust Bank	7/3/4	Nov	95	1/2	14.01	10.26

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DM STRAIGHT BONDS

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(Continued on Page 8)

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Dollar Notes Attracting Big Demand

By Carl Gewirtz
International Herald Tribune

PARIS — To the surprise of most analysts, the Federal Reserve reported late Friday that the U.S. money supply dropped \$1.9 billion in the week to April 14 — a happy jolt to analysts who had been predicting an increase of some \$2 billion.

However, Wall Street greeted the news with considerable reserve. The Fed at the same time revised upward the previous week's increase to \$7.8 billion from the \$7.1 billion initially reported, leaving the two week increase at a very hefty \$6 billion.

More disturbing, New York analysts said, were signs indicating that the Fed may be tightening the monetary screws. Fearing this fear was a \$300-million increase in net borrowed reserves, a widely

EUROBONDS

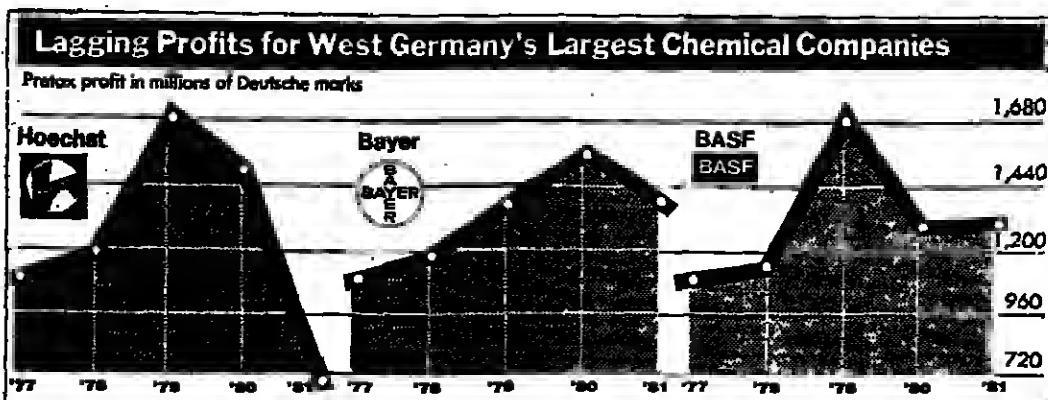
watched indicator of how easy or tight a policy the Fed is pursuing. The increase sparked fears that the cost of overnight money could rise this week.

Overnight money, the federal funds rate, traded as low as 14 percent on Friday, down from a high of 14 1/2 percent, but rose to 14 3/4 percent after the Fed reported the weekly figures. As a result, New York bond prices showed little change for the day.

By contrast, the foreign exchange market registered no such misgivings about the direction of interest rates. The dollar, which closed at 2.388 Deutsche marks in Frankfurt, eased to 2.378 DM in New York and to 2.377 DM in Bahrain on Saturday. High U.S. interest rates have buoyed the dollar on world exchange markets and, in those rates — or the anticipation of one — tends to weaken the dollar.

From all appearances, investors in dollar-denominated Eurobonds are not concerned about a weakening dollar or the weekly gyrations in the money supply. They see a weakening U.S. economy — with first-quarter gross national product down at a 3.9 percent annual rate — and sharply decelerating inflation inevitably leading to lower interest rates. And lower rates will mean big capital gains on bonds bearing the high coupons currently on offer. Dismissed from view is the continuing battle over the size of the federal U.S. budget deficit and the warnings from Henry Kaufman, the Salomon Brothers economist, reiterated yet again Friday, that long-term dollar interest

(Continued on Page 9, Col.1)



West German Chemical Giants Face Urgent Need to Reshape Industry

By John Tagliabue
New York Times Service

FRANKFURT — When West German businessmen talk about the country's chemical business these days, they often express fears that such industry giants as Hoechst, BASF and Bayer could well go the way of Europe's moribund steel companies.

Indeed, beset by high interest rates, a stagnant economy, towering overcapacity and increased competition, West Germany's chemical companies suffered their second consecutive year of sharply lower profits in 1981.

"The industry is still strong enough to get healthy on its own," Matthias Seefelder, chairman of BASF, West Germany's No. 2 chemical company, said recently with a note of restrained optimism. But, he added, somewhat ominously, "I think the dilemma of Europe's steel industry should be a deterrent to us all."

Urgency in Restructuring

Steel and chemicals are both energy-intensive industries on a continent poor in both cheap energy and chemical raw materials. And like steel, the chemical industry is increasingly threatened by new producers of bulk products in low-wage, resource-rich countries.

As a result, the industry is now engaged in a restructuring that has gained urgency, analysts say. The three major West German chemical companies — Hoechst, BASF and Bayer — have also sought to move into more sophisticated chemical products: pharmaceuticals and farm products, such as fertilizer and pesticides, as well as chemistry-related products, such as photo equipment.

What now troubles the industry most is the prospect that over the next 10 years oil-producing countries, including some in Europe, will become net exporters of the basic petrochemical feedstocks that the industry relies on for specialized products.

Analysts estimate that Saudi Arabia, for example, where seven major industrial projects are bubbling, might soon match 15 percent of Europe's capacity to crack ethylene, a basic product used to make such items as detergents and polyester fibers.

A Royal Dutch/Shell study says the Arab countries taken as a whole could shift from being net importers of about 300,000 tons of ethylene derivatives yearly to being net exporters of about a million tons.

"If they get those deliveries on a contractual basis, and not just on an in-and-out spot basis," said Tony Church, an analyst at Kidder Peabody in London, "they'll skin off the market's growth from 1980 to 1990."

Mr. Seefelder said BASF, Europe's biggest plastics manufacturer, reduced polyethylene production by 200,000 tons, roughly 20 percent of capacity, in 1981. In 1981's first nine months, BASF lost about 100 Deutsche marks on polyethylene.

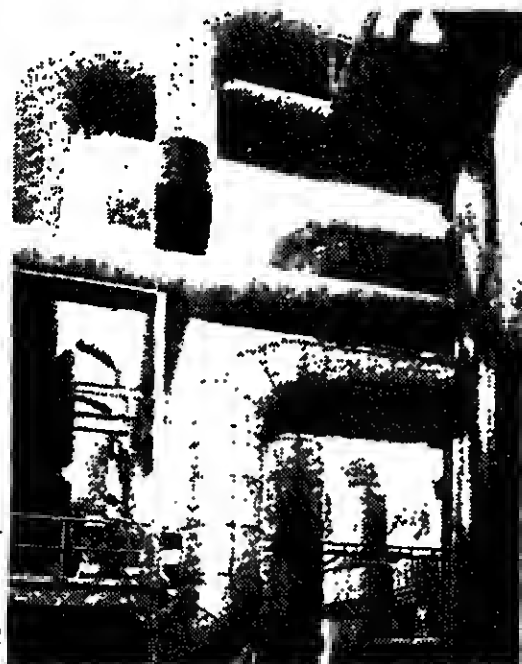
Other European companies are following suit. Italy's state-owned Ente Nazionale Idrocarburi and France's Rhone-Poulenc have scheduled cuts in polyethylene output, and Britain's Imperial Chemical is thought likely to apply the ax.

In February, Herbert Grunewald, chairman of Bayer and president of West Germany's Chemical Industry Association, said inflation and strong exports combined to increase 1981 sales by about 9 percent. But mounting labor costs and raw material prices pared profit margins throughout the industry to 1.8 percent from 2.4 percent in 1980.

"Production increases were limited to a relatively few sectors, like drugs, farm products and specialties," he said, adding, "Returns on sales sank again, and our margin for investment continued to narrow."

Hoechst, BASF and Bayer were at the top in the world chemical ranking until Du Pont passed them earlier this year after acquiring Conoco. But in Europe, size does not always mean dominance. In an economy roughly comparable to that of the United States, Europe's 23 producers of polyethylene, while the United States has six.

The problem of overcapacity has become acute (Continued on Page 9, Col.1)



Bayer's double contact process cuts the emission of sulfur dioxide when making sulfuric acid.

U.S. Readies Reply to European Critics

Uncontrollable 'Uncertainty Premium' Takes the Blame for High Rates

By Carl Gewirtz
International Herald Tribune

PARIS — U.S. officials are broadly hinting that the American response to European pressures to lower interest rates at the coming Versailles economic summit will be to wash their hands of any direct responsibility, blaming instead a new culprit — one beyond their control — that they call the "uncertainty premium."

"There is no one in Europe more anxious than I to get [U.S. interest] rates down," Beryl Sprinkel, Treasury undersecretary for monetary affairs, told a group of journalists here last week. "We can't get a recovery going unless there is a significant further decline in interest rates."

High interest rates are prolonging the U.S. recession by strangling the ability of consumers and businesses to borrow. The rates are also contributing to the slowdown in Europe, which feels forced to keep its own rates high lest too much money flow out into dollar instruments, putting new downward pressure on European exchange rates.

The issue, high on the agenda for the June summit, will take center stage at the May 10-11 annual ministerial meeting of the Organization for Economic Cooperation and Development.

To separate meetings with journalists, both Mr. Sprinkel and Evan Galbraith, U.S. ambassador to France, insist that the Federal Reserve cannot drive interest rates lower through easier credit because any increase in the money supply would have the perverse effect of fueling fears of a new burst of inflation and causing investors to push up rates.

They also dispute the notion that the projected size of the federal deficit is the root of high interest rates. For Mr. Sprinkel, one of the high priests of monetarism, the culprit is the "uncertainty premium." For Mr. Galbraith, a former investment banker, it's the "inflationary psychosis" of investors. Whichever term is used, both men were talking about the same thing.

They start by observing that inflation in the United States is "falling like a stone." The widest measure of price changes, the gross national product deflator, increased in the first quarter at a 3.6 percent annual rate, its slowest pace since 1979.

Historically, notes Mr. Galbraith, purchasers of bonds have accepted a real rate of return of 3 percent — that is, 3 percentage points over the prevailing rate of inflation. By this estimate, he asserts, dollar bonds today should be yielding something around 6.6 percent — a 3-point real return over

the GNP deflator. In fact, the yield on U.S. government debt, is in the range of 14 percent.

Says Mr. Sprinkel: "If our inflation is 4 percent and our prime rate is 16 1/2 percent, that's 12 1/2 percent real short-term rate. That's preposterous. There's never been such a short-term rate in real terms." And, he warns, there is no way a U.S. economic recovery can get underway with the real cost of money so high.

The amount of real return that

investors get beyond the historic 3 percent is thus the "uncertainty premium." It is a measure of investors' distrust about the government's ability to harness inflation, says Mr. Galbraith.

"This inflation premium is bigger than anybody would ever have imagined," says Mr. Galbraith. "The real return on money today in the United States is probably bigger than we've ever seen."

For Mr. Sprinkel, the explanation lies in the "tragic" volatility in

the growth of the money supply, which sows confusion and distrust among investors.

"We asked last year that over a period of four years the Fed reduce monetary growth by 50 percent. What we got was 75 percent of that reduction in one year. Unless you like recession, that's too much. In the early part of last year there was massive growth, in the next six months there was no growth followed by big growth (Continued on Page 9, Col. 4)



"It's just human nature ... to decide I better grab this now because there's some very big capital gains to be made."

—Evan Galbraith



A "12 1/2 percent real short-term rate. That's preposterous. There's never been such a short-term rate in real terms."

—Beryl Sprinkel

Suffering From Debts, Recession, Wickes Files Bankruptcy Action

By Anthony Ramirez
Los Angeles Times Service

SAN DIEGO — Staggering under the weight of about \$2 billion in debts and faced with critical shortages of goods in its stores because of panicky suppliers, Wickes Cos. has sought protection from its creditors under Chapter 11 of the federal bankruptcy laws.

Wickes, a major U.S. retailer with an estimated annual revenue of \$4 billion last year, thus becomes the largest company to file a bankruptcy action in the current recession and one of the largest ever.

The company said Saturday that it now hopes to reorganize its operations under court protection. Its stores and other businesses are expected to continue operating during the bankruptcy proceedings.

Wickes excluded its European operations and its machine tool group from the bankruptcy petition, filed in federal court in Los Angeles.

The diversified manufacturer and retailer, which is heavily dependent on the depressed housing industry, cited as reasons for the

action the prolonged recession, high interest rates and its massive debt.

The \$2-billion debt figure was more than double the previously disclosed figures for Wickes' long- and short-term debts. The sum includes about \$1 billion owed to trade creditors who supplied goods and services, officials said.

Sanford C. Sigoloff, the corporate "rescue artist" who was elected chairman last month as Wickes' problems mushroomed, said that Wickes was taking the action to "preserve the company's assets and to reverse its seriously deteriorating condition."

In recent weeks, Wickes has said that it would report losses of "significantly" more than the previously estimated \$80 million in the year ended Jan. 31, 1982, adding that losses in the first quarter are also likely to be substantial.

Mr. Sigoloff cited the worsening shortage of goods at company stores as a prime reason for the bankruptcy filing. "We didn't have goods, and when we didn't have goods we didn't have sales, and when we didn't have sales we didn't have profits," he said.

He said Wickes' officials are attempting to complete an audit of fiscal 1982 and may report last year's results as early as next week.

The Wickes chairman added that, based on his experience at Los Angeles-based Daylin Inc., a retailer which he guided through a 1½-year bankruptcy reorganization in the mid-1970s, it may take as long as three years to reorganize Wickes' operations.

Under Chapter 11 of the bankruptcy laws, a company is permitted to continue operating under its existing management and while protected from creditor and other lawsuits while it attempts to restructure and repay its debts.

Mr. Sigoloff said after the filing that the company's \$2-billion debt included its previously reported \$580 million in short-term bank loans and another \$400 million in debentures and long-term obligations.

"The other billion dollars is if you accumulate all of the income debentures, long-term insurance debentures, trade debt, leases, and on and on..." Mr. Sigoloff said.

Focus of Bankers Turns From Latin America

By Carl Gewirtz
International Herald Tribune

PARIS — Bankers have posted a "goose to lunch" sign on their Latin American desks, preferring to focus on new loans elsewhere in the world pending the outcome of the U.K.-Argentina confrontation over the Falkland Islands.

Austria is scheduled to award a mandate this week on a \$400-million loan. It paid a low 3/4 percent over the London interbank rate on a \$400-million, 10-year loan last year. The new operation, however, may be structured like the recent loans for Denmark and France's CNP to include a floating rate loan as a means to increase the profit to lenders without raising the very visible margin on the syndicated loan.

France is back in the market with a \$100-million operation for Gaz de France. The feature of this loan is the number of options given to the borrower. It can draw the entire amount as dollar- or sterling-denominated loans, or it can draw up to half the amount in a syndicated loan, denominated in dollars or sterling or up to a quarter of the total as a syndicated loan in any other Eurocurrency.

First for European
This is the first facility to offer a combination of dollar and sterling acceptances, sole lead manager Bank of America reports, and is the first syndicated dollar acceptance facility for a European borrower.

Acceptances are notes drawn on banks and discounted in the market. Banks will earn a commission of 1/4 percent on the dollar acceptances and 5/16 percent on the sterling portion. Bankers also pocket whatever discount the notes are sold for, but overall this is regarded as one of the cheapest formulas for borrowers to raise cash.

The acceptance facilities have a maximum life of 2 1/2 years and GDP can renew the operation for a second 2 1/2 years or convert the amount to a syndicated loan. The loan, which starts as a maximum \$50 million for the first 2 1/2 years will have a total maturity of five years with interest set at 3/4 point over Libor.

GDP will pay a commit fee of 1/4 percent on whatever portion of the loan is unused.

Mode Taps Market

The private Swedish pulp and paper company Modo (Mo Oeh Domsjö) is tapping the market for \$100 million, of which up to \$25 million can be converted to a bankers acceptance facility for up to two years. If the facility is not renewed the amount can be added to the syndicated loan, which will run for 2 1/2 years. Interest on the loan will be set at 3/4 point over Li-

bor for the first six years and 3/4 point over thereafter.

The Danish Natural Gas and Oil Consortium is raising \$100 million for 10 years, offering a low 3/4 point over Libor.

The Portuguese airline TAP will tap the market for \$135 million to

the remainder by the contractor, which simply raises the price it charges Nigeria by that amount.

Further east, the 15-bank consortium trying to put together a financing package of some \$2.5 billion to build the Paradip Arissa project in India lost one of its

members when Standard Chartered Bank pulled out. A replacement is said to have been found, but the name was not immediately available. Bankers have been haggling terms with India since October.

The current proposed terms, one insider reports, are less than what had been offered at the outset but remain in excess of what the Indians think they ought to pay. Also slowing the transaction are changes in specifications and, six weeks ago, a site change moving the project some 40 miles inland from the previous planned coastal location.

Venezuelan Borrowing Delayed
CARACAS (Reuters) — Venezuela will probably delay its Euro-market plans until the outcome of the Falklands dispute becomes clearer, though short-term credits will continue, banking and government sources said last week.

The government had originally expected to raise around \$500 million in April or May, but this was put off as spreads began to widen for oil exporting countries.

"We are now awaiting the consequences of the Falklands conflict before deciding when to raise new funds," said Cesar Aguado, director of public credit.

Taiwan Sets Goal
TAIPEI (Reuters) — The Cabinet has approved a proposal by the Ministry of Finance to sharply raise the ceiling of external borrowing and guaranteed loans to \$9.5 billion from the current \$6.5 billion, a ministry official said last week.

Brazil Borrowing Target
BOON (Reuters) — Brazil has already taken up half of the \$14 billion it plans to raise abroad in 1982, reports Planning Minister Delfim Netto, who met with West German government officials and senior bankers last week.

Mr. Netto said that Brazil's 1982 current-account deficit target of \$10 billion is unchanged.

Jose Carlos Serrano, director for international affairs at the Brazilian central bank, said the 1982 trade surplus is also still on target at about \$3 billion.

Currency Rates
Interbank exchange rates for April 23, 1982, excluding bank service charges.

Dollar Values
Per U.S. dollar

Per U.S. dollar
Per U.S. dollar

Per U.S. dollar
Per U.S. dollar

Per U.S. dollar
Per U.S. dollar

Per U.S. dollar
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Per U.S. dollar
Per U.S. dollar

Per U.S. dollar
Per U.S. dollar

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- Explanation of Symbols -

CND	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc

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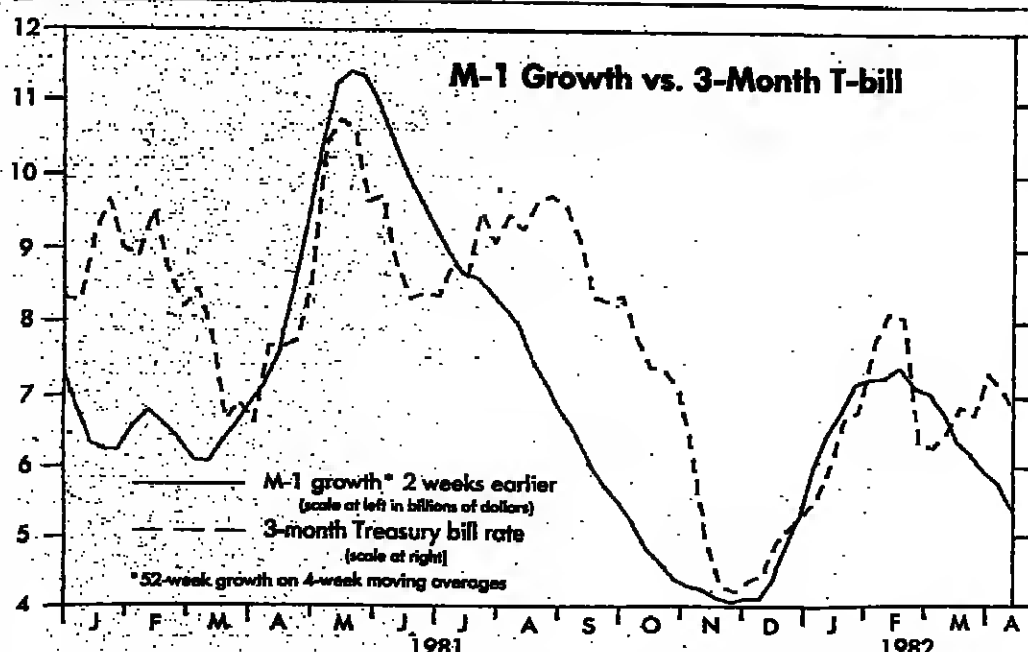
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'Uncertainty Premium' Cited for High U.S. Rates

(Continued from Page 7)

again. That to me is volatility," he said. "Each time our money supply surges for a while, interest rates go up. They don't go down," despite the Keynesian theory that they should. "We all want interest rates down, therefore we don't want money supply surging. And yet since last October we've had another surge in the money supply."

With greater stability in monetary growth, Mr. Sprinkel is convinced that interest rates would come down. "I agree that we're not going to get the real rate back to 3 percent very quickly, but there's a long distance between 12 1/2 percent and 3 percent and my expectation is that it is going to come down significantly."

For Mr. Sprinkel, the decline in U.S. interest rates will also relieve the pressure building in Europe for more order to the international monetary system and less fluctuation tolerated in foreign exchange rates.

Intervention in the foreign exchange market "attacks the symptoms, not the cause" of the disruption, Mr. Sprinkel asserts. Rather, he adds, "coordinated economic policies and falling inflation will result in stable exchange rates."

Mr. Sprinkel acknowledges that there is a serious credibility gap regarding fiscal policy. But he notes that there is a "major effort" under way between the administration and Congress on ways to cut the deficits, which should help restore credibility on fiscal matters.

Mr. Galbraith goes further, arguing that "the deficit is absorbable without getting in the way of a drop in interest rates."

He asserts that there is \$830 billion in pension funds that professional money managers could be

shift into the nearly dead long-term bond market once they became convinced that inflation was really declining and that exceptionally high real rates of return are available.

In addition, he says, "there is some \$400 billion sitting in money-market funds" currently invested in short-term instruments and untold amounts sitting in trust funds and insurance companies.

"These managers are sitting there, seeing the size of this inflation premium, the real return on their money, and they're starting to see a continuation of inflation figures [declining] and these money managers, the guys locked into this inflationary psychology ... are very close to the point [where] ... they're going to start going into the market, buying bonds like there's no tomorrow."

"I can't tell you what thing is going to trigger it off, but we're close to it. I think we're taking in terms of one month, two months ... It's just human nature of an investor, of money managers to de-

cide 'I better grab this now because there's some very big capital gains to be made. Bond prices are going to fall up and I better lock into those big coupons now.'"

Once the bond market comes to life, more can be done to bring down short-term rates, he argues.

'Wrong Before'

Asked why Henry Kaufman, the chief economist at Salomon Brothers and probably Wall Street's most closely followed analyst, was not espousing this view, Mr. Galbraith replied: "I don't know what his problem is. He has been wrong before."

Asked in a telephone interview about the ambassador's assessment, Mr. Kaufman challenged Mr. Galbraith's figures noting that corporate pension funds at last count totaled \$322 billion and state and other public pension funds totaled \$225 billion — a total \$547 billion. He also noted that money market funds currently are valued at about \$200 billion.

He said that pension funds at

last count hold some \$250 billion in shares, \$160 billion in corporate bonds and \$75 billion in U.S. government securities.

"I would hardly think that the pension funds have an excess abundance of cash ready to move into new issues of U.S. government securities. 'What we are talking about is a net new emission of government debt that will have to be financed by net new savings.'"

"The funds don't have excess funds lying somewhere about waiting to be funneled into the bond market," he notes, but will have to be bought by someone else to make room for additional bonds. This amounts to a reshuffling of investments and not the needed new source of funds.

Likewise, if the assumption is made that the cash invested in money market funds will move into the bond market, the question has to be asked who will be around to buy the short-term instruments these funds will have to sell to get the cash to buy the bonds, he said.

Demand Outstrips Supply for Dollar Notes

(Continued from Page 7)

rates will rise to the record highs seen last year.

Investment bankers report very substantial demand from both institutional and retail investors for dollar Eurobonds.

"Coupons offered on non-dollar paper are not interesting in comparison, the names of issuers are good and investors are taking advantage of it. I haven't seen such broad-based demand in the last 2 1/2 years," one Swiss-based banker reported. Another agreed, saying the "undertone is unbelievable."

The only lament is that the number of offerings is not keeping pace with demand — a signal that issuers also believe that rates are headed lower and can sell paper more cheaply by waiting rather than rushing to the market now.

As a result, both BC Hydro, the British Columbia hydro and power authority, and Union Carbide were able to increase the size of their offerings by \$50 million each.

BC Hydro sold \$200 million of seven-year bonds at 9 1/2 percent bearing a coupon of 14 1/2 percent while Union Carbide sold \$150 million of seven-year paper at par bearing a coupon of 14 1/2 percent. Both issues ended the week quoted at 99 1/2 bid-100 asked.

The current calendar includes:

• Canadian Pacific, \$75 million

of 10-year bonds at par bearing a coupon of 14 1/2 percent — a notch lower than BC Hydro and Union Carbide, reflecting how well those issues were received. The CanPac paper is secured by collateral trust bonds which are secured by a lien on the company's properties.

• GMAC Overseas Finance Corp., guaranteed by General Motors Acceptance Corp., \$100 million of seven-year bonds bearing a coupon of 15 percent at 99 1/2 yield investors 15.09 percent.

This is GMAC's fourth issue of the year and the eleventh since 1979 and the market is showing signs of being quite full of this paper. The market also looks unfavorably on the fact that the issue can be called after five years at no penalty premium to GMAC. The paper was quoted on a when-issued basis at 97 1/4.

• Commercial Credit Finance, guaranteed by Commercial Credit Co., \$50 million of three-year notes at par bearing a coupon of 14 1/2 percent. Each \$1,000 note bears two detachable one-year warrants to buy a like amount of 15 percent notes due 1987 at par. The warrants were quoted at \$22 and the notes ex-warrants were quoted at 95 1/2.

• J.P. Morgan International Finance, a subsidiary of the bank holding company which owns Morgan Guaranty, is offering \$250

million of 15-year floating rate notes. Interest will be paid quarterly at a quarter-point over the average of bid and offer interbank rate. This is a touch higher than some other floaters, but the maturity is longer and the commissions, a slim 1 1/2 percent, light.

The maturity is very long as only a handful of 15-year floaters have been sold to date and the structure — subordinated debt — is unusual as most bank floaters are senior debt. Both features, however, result from the fact that the proceeds will qualify as primary capital for the parent company. Morgan has undertaken to issue enough shares over the coming 15 years to retire this debt with new equity.

• European Asian Capital, guaranteed by European Asian Bank which is owned by the EBIC group, \$50 million of 10-year floating rate notes with interest set semi-annually at a quarter-point over the average of the bid and offer rates. A minimum coupon of 6 percent is guaranteed.

• Sabah Development Bank of Malaysia, owned by the state of Sabah, \$30 million of seven-year notes that are redeemable at note-holders' option after five years. Interest will be set at a quarter-point over the six-month interbank offer rate and is guaranteed to not fall below 6 percent.

In the Deutsche mark sector, the 100 million DM, 10-percent, 10-year bonds for Renfe, the Spanish railway, were priced at a premium of 100 1/2, reducing the yield to 9.92 percent.

Beneficial Overseas Finance's 100 million DM of seven-year bonds bearing a coupon of 9 1/2 percent were priced at par.

Currently on offer is 100 million DM for Crédit Foncier de France. The 10-year bullet issue bearing a coupon of 8 1/2 percent is being offered at a price of 99 1/4 for a yield of 8.83 percent.

Konishiroku Photo Industry is offering 50 million DM of six-year bonds convertible into common stock. The photo products company is offering a semi-annual coupon of 7 1/2 percent. The bonds are expected to be made convertible at a price that will be 5 percent over the prevailing quote in Tokyo when terms, including a fixed exchange rate, are set on April 27. If investors are unhappy with the subsequent performance of the stock price, they will have the option to redeem the bonds on Oct. 21, 1985, at a premium of 103 1/4, which will work out to a yield of 8 1/2 percent.

On offer in other currencies are:

• Ville de Sherbrooke (Canada), 12 million Canadian dollars of five-year notes priced at par bearing a coupon of 17 percent.

• Hudson's Bay Co., 40 million Canadian dollars of seven-year paper bearing a coupon of 17 percent. The issue price is to be fixed Tuesday.

Sociétés de Développement Régional, guaranteed by France, 30 million ECU of 10-year bonds offered at par bearing a coupon of 14 percent.

• World Bank, 150 million guilders of five-year notes priced at par bearing a coupon of 10 percent.

Eurobond Yields*

Week Ended April 21	
Int'l inst. lg. term US\$	14.92 %
Int'l long term US\$	14.88 %
Int'l medium term US\$	15.88 %
Can. 5 medium term	15.91 %
French fr. medium term	17.33 %
Int'l inst. lg term yen	8.17 %
ECU medium term	13.72 %
EUA long term	12.20 %
Int'l inst. lg term LF	10.88 %
FL long term	11.12 %

Market Turnover

Week Ended April 23	
Codel	5,835.5
Eurod.	9,901.2
Time	4,897.3
Other	958.2
Exchanged	9,081.6
Non-dollar	819.6

Chemical Giants Face Watershed Decade

(Continued from Page 7)

since 1980, when Europe slipped into recession. The result has been a two-thirds use of capacity, compared with almost 90 percent a decade ago. There is little chance that excess capacity will be reabsorbed, if, as expected, overseas plants open.

Of the three major companies, only BASF has chosen what analysts call backward integration, or involvement in the energy search, to offset future competition. Through its Wintershall subsidiary, BASF is bargaining for a share in the natural gas reserves off Qatar, which promise to be among the world's largest. Wintershall holds 18.5 percent of Deminor, a West German oil-exploration company.

The companies are also looking to more sophisticated chemical products that they hope will be more recession-resistant. Pharmaceuticals account for 15 percent of Bayer's world sales, up from 9 percent a decade ago.

Last year, Bayer acquired full control of Agfa-Gevaert, the European photo equipment manufacturer.

But the real drive to reshape the industry will go beyond such diversification into a restructuring of Europe's ability to manufacture specialty chemical products, such as the highly refined plastics used increasingly in the auto industry, or the fiber-reinforced plastics used in aircraft making.

The chief obstacles to such plans, industry analysts and officials agree, are potential nervousness among Common Market leaders that the reshuffling could cost jobs, and the limits set by the industry's liquidity hemorrhage, as the recession pares profits. Last month, the industry's major producers appealed to the European Parliament not to erect barriers to plant closures for fear of increased unemployment, arguing that only "urgent and energetic measures" to reduce capacity could assure the industry's long-term health.

One certain result, however, according to analysts, will be sharper competition on the markets for these products, which are already in less demand as such key customer industries as automobiles and housing contract.

A senior analyst at a Frankfurt bank said that, with profits off and companies reluctant to borrow at high rates, investment plans are being scaled down, which will lead to slower growth in the 1980s.

"Projects will be smaller, no giant investments, and about 40 percent of what they spend will be purely for upkeep," he said, adding: "Only in research they won't cut because that has to be turned into products."

Kidder Peabody's Mr. Church agreed: "These years will be the watershed. One of the things we'll be looking for in a company will be survivability, rather than rapid expansion. The '80s will be the decade of low growth, so that by 1990 you'll have an industry that's slumped down, more efficient."

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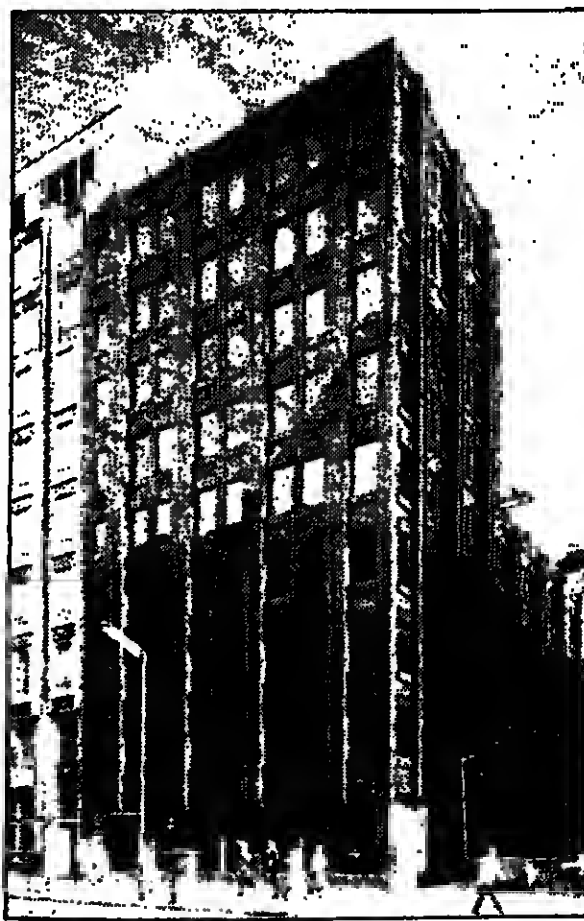
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United Press International Boston 6, Braves 3 out in the ninth inning as the E

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Astros 7, Reds 3

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Dodgers 9, Giants 0

At San Francisco, Ron Cede drove in four runs with a homer, double and two singles and Bob Welch pitched a seven-hitter as Los Angeles beat the Giants, 9-0.

Cardinals 9, Phillies 2

At Philadelphia, home runs by George Hendrick and Ozzie Smith sparked a 12-hit attack as St. Louis defeated the Phillies, 9-2.

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Islanders and Black Hawks Advance; Bruins Tie Series

NEW YORK — Dave Langevin, a defenseman, scored the decisive goal late in the third period as the New York Islanders advanced to the Stanley Cup semifinals with a 5-3 victory Friday over the New York Rangers. The Chicago Black Hawks also advanced to the semifinals, defeating the St. Louis Blues, 2-0.

Meanwhile, the Boston Bruins beat the Quebec Nordiques in overtime, 6-5, to force a seventh and deciding game Sunday in their National Hockey League quarter-final series.

The Islanders will play the winner of the Bruins-Nordiques series in a best-of-seven series beginning Tuesday in Uniondale, N.Y., while Chicago and the Vancouver Canucks will open a best-of-seven series Tuesday in Chicago. The Canucks earlier eliminated the Los Angeles Kings from the playoffs.

The Islanders, two-time Stanley Cup champions, took their Patrick Division final in six games. Langevin's 55-foot shot with 6:08 left, which broke a 3-3 tie, was his second of the playoffs. He scored only one goal in 73 regular-season games.

Langevin was ready when Wayne Merrick won a faceoff from the Rangers' Mike Allison and sent the puck back to the left point.

"I figured, 'Just throw it on net,'" said Langevin. "Anything can happen. It was the biggest goal for me since high school."

Bob Bourne's second goal of the game, an empty-net score with 32 seconds to play, ensured the triumph.

Langevin said he thought the Islanders would have to improve if they expected to take their third straight Stanley Cup.

"The other teams are better as you move on," he said. "You never know who can come up big in any game. We have to be more ready."

Before Bourne's insurance goal, the Islanders' goalie, Billy Smith, had preserved the Islanders' advantage by gloving a Reijo Ruot-

salainen wrist shot from 20 feet out with 2:56 to play.

Butch Goring scored two goals for the Islanders while Ruot-

salainen scored a goal and two assists for the Rangers.

In Chicago, Tony Esposito celebrated his 39th birthday with his first Stanley Cup playoff shutout in eight years to give the Black Hawks a four-games-to-two series victory over St. Louis.

Dennis Savard and Rich Preston scored second-period goals to help the Black Hawks win the Norris Division championship series and move into the Stanley Cup semifinals for the first time since 1974.

Esposito, replacing Murray Bannerman, who had been slowed with a pulled muscle, posted his fifth career Stanley Cup shutout and his first since Chicago defeated Los Angeles 1-0 in 1974. Esposito turned back 31 shots.

Savard's goal, his eighth of the playoffs, came at 12:18 of the second period on a pass from Glen Sharpley. Preston got an assist on the goal.

Preston scored an insurance goal at 16:55, pushing the puck past the St. Louis goalie, Mike Liut. Preston's goal, his third of the playoffs, was assisted by Terry Ruskowski and Grant Mulvey.

St. Louis launched an aggressive attack in the third period but could not score against Esposito, and the Blues went down to their seventh consecutive playoff defeat in Chicago.

In Quebec City, Peter McNab scored at 10:54 of overtime to give the Bruins their victory over the Nordiques and even their series at three games apiece.

"I didn't fully realize what had happened until I got back to the dressing room, because it was like a jungle on the ice after the goal," McNab said, referring to the tumult after the goal.

A goal by Michel Goulet at 4:06 of the third period sent the game into overtime. Goulet had two chances to score the game winner later in the third stanza when he moved in on the Boston goaltender, Mike Moffatt, on partial breakaways, but the rookie held him both times.

Boston twice had three-goal leads, but couldn't make them stand up. Keith Crowder, Terry O'Reilly and McNab gave Boston a 3-0 lead before the ninth minute of the opening period, but Peter Stastny narrowed the margin to 3-1 when he scored at 9:54 of the first period.

Real Cloutier, with his first goal of two, moved Quebec within a goal after 1:47 of the second period. But goals by Barry Pederson and Mike Moffatt restored the Bruins' three-goal advantage.

Two consecutive, Nordique scores in the final minutes of the second period by Wilf Palencart and Cloutier set the stage for Goulet's tying goal.

When the two teams met Friday at Phoenix, Johnson scored 29 points and Alvan Adams added 25 in the Suns' methodical triumph. Twelve of Johnson's points came in the first quarter, when Phoenix ran to a 40-21 lead.

Denver's only threat came late in the third quarter when the Nuggets closed the gap to 87-82 on David Thompson's three-point field goal with 3:45 remaining. But Denver failed to score again in the quarter and Phoenix responded with eight straight points to increase its lead to 95-82.

In Atlanta, Caldwell Jones sank four free throws in overtime and Julius Erving blocked a key shot with 13 seconds left to play to cap Phoenix's 124-119 triumph over the Denver Nuggets on Saturday in the third and deciding game of their National Basketball Association first-round playoff series.

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It has been a difficult season for Davis, who was injured and missed 23 games early in the year and never managed to reclaim his starting job. But he has come on to play brilliantly in the playoffs.

"This year has been real frustrating for me, but I've played pretty well the past few months," he said. "I missed a couple of shots near the end of the year, but I felt pretty good when I went to the line for those free throws."

"It was just an awesome display of shooting down the stretch," the Phoenix coach, John MacLeod, said of his team's performance. "We showed a lot of heart."

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"This year has been real frustrating for me, but I've played pretty well the past few months," he said. "I missed a couple of shots near the end of the year, but I felt pretty good when I went to the line for those free throws."

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When the two teams met Friday at Phoenix, Johnson scored 29 points and Alvan Adams added 25 in the Suns' methodical triumph. Twelve of Johnson's points came in the first quarter, when Phoenix ran to a 40-21 lead.

Denver's only threat came late in the third quarter when the Nuggets closed the gap to 87-82 on David Thompson's three-point field goal with 3:45 remaining. But Denver failed to score again in the quarter and Phoenix responded with eight straight points to increase its lead to 95-82.

In Atlanta, Caldwell Jones sank four free throws in overtime and Julius Erving blocked a key shot with 13 seconds left to play to cap Phoenix's 124-119 triumph over the Denver Nuggets on Saturday in the third and deciding game of their National Basketball Association first-round playoff series.

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